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MANAGEMENT'S DISCUSSION & ANALYSIS

THIS MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 SHOULD BE READ IN CONJUNCTION WITH THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025 ("Q2 2025") AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TOGETHER WITH THE MD&A FOR THE YEAR ENDED DECEMBER 31, 2024 (THE "2024 ANNUAL MD&A"). THIS MD&A IS BASED ON THE INFORMATION AVAILABLE ON AUGUST 14, 2025. ALL AMOUNTS ARE REPORTED IN US DOLLARS ("\$\$") UNLESS OTHERWISE NOTED.

THIS MD&A CONTAINS NON-GAAP FINANCIAL MEASURES AND RATIOS AND FORWARD-LOOKING INFORMATION. READERS ARE CAUTIONED THAT THIS MD&A SHOULD BE READ IN CONJUNCTION WITH THE DISCLOSURE BELOW UNDER THE HEADINGS "NON-GAAP FINANCIAL MEASURES AND RATIOS", "FORWARD-LOOKING STATEMENTS" AND "GLOSSARY" INCLUDED AT THE END OF THIS MD&A.

Nature of Operations

The principal asset of Orca Energy Group Inc. ("Orca" or the "Company") is its indirect interest in the Songo Songo gas field, as set out in the Production Sharing Agreement ("PSA") between PanAfrican Energy Tanzania Limited ("PAET"), the Tanzanian Petroleum Development Corporation ("TPDC") and the Government of Tanzania ("GoT") in the United Republic of Tanzania ("Tanzania"). PAET is the Company's wholly owned subsidiary operating in Tanzania. The PSA covers the production and marketing of natural gas from the Songo Songo gas field offshore of Tanzania. The PSA defines the gas produced from the Songo Songo gas field as "Protected Gas" and "Additional Gas". The gas agreement ("Gas Agreement") deals further with the parties' entitlement to Protected Gas and Additional Gas. Under the Gas Agreement, until July 31, 2024, Protected Gas was owned by TPDC and was sold to Songas Limited ("Songas") and Tanzania Portland Cement PLC ("TPCPLC"). After July 31, 2024, Protected Gas ceased and all production from the Songo Songo gas field constitutes Additional Gas which PAET and TPDC are entitled to sell on commercial terms until the PSA expires in October 2026. Songas is the owner of the infrastructure that enables the gas to be treated and delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island (collectively, the "Songas Infrastructure").

The Tanzanian Electric Supply Company Limited ("TANESCO") is a parastatal organization wholly owned by the GoT with oversight by the Ministry of Energy ("MoE"). TANESCO is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. Natural gas has become an integral component of TANESCO's power generation fuel mix as a more reliable source of supply over seasonal hydropower as well as a more cost-effective and lower carbon dioxide intensive alternative to liquid fuels. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of the Portfolio Gas Supply Agreement ("PGSA"). The Company also supplies Additional Gas to TPDC at the well head through a long-term gas sales agreement ("LTGSA"). The PGSA was originally set to expire on July 31, 2024, but was extended on July 30, 2024. The PGSA and the LTGSA each expire on October 10, 2026.

In addition to supplying gas to TPDC, Songas and TANESCO, the Company has developed more than 50 contracts to supply gas to Dar es Salaam's industrial market, and sells compressed natural gas to additional industries and to domestic, suitably converted vehicles in Dar es Salaam.

Financial and Operating Highlights for the Three and Six Months Ended June 30, 2025

	Three months ended June 30		% Change	Six months ended June 30		% Change
(Expressed in \$'000 unless indicated otherwise)	2025	2024	Q2/25 vs Q2/24	2025	2024	Ytd/25 vs Ytd/24
OPERATING						
Daily average gas delivered and sold (MMcfd)	68.3	62.8	9%	70.2	68.5	2%
Industrial	18.5	12.9	43%	18.9	13.4	41%
Power	49.8	49.9	(0)%	51.3	55.1	(7)%
Average price (\$/mcf)						
Industrial	7.82	9.27	(16)%	7.90	9.09	(13)%
Power	4.03	3.86	4%	3.97	3.89	2%
Weighted average	5.06	4.97	2%	5.03	4.89	3%
Operating netback (\$/mcf)¹	2.67	3.19	(16)%	2.78	2.98	(7)%
FINANCIAL						
Revenue	24,274	25,014	(3)%	49,665	49,951	(1)%
Net income attributable to shareholders	22,401	1,188	1,786%	22,503	2,157	943%
per share – basic and diluted (\$)	1.13	0.06	1,786%	1.14	0.11	943%
Net cash flows from operating activities	31,948	16,747	91%	52,212	10,577	394%
per share – basic and diluted (\$) ¹	1.62	0.85	91%	2.64	0.53	398%
Capital expenditures¹	44	1,912	(98)%	592	3,382	(82)%
Weighted average Class A and Class B Shares¹ ('000)	19,765	19,773	0%	19,766	19,786	0%
				June 30, 2025	As at December 31, 2024	% Change
Working capital (including cash)¹				49,347	21,904	125%
Cash and cash equivalents				98,572	90,076	9%
Outstanding shares ('000)						
Class A				1,750	1,750	0%
Class B				18,015	18,022	0%
Total shares outstanding				19,765	19,772	0%

¹ Please refer to the Non-GAAP Financial Measures and Ratios section of the MD&A for additional information.

Financial and Operating Highlights for Q2 2025

- Revenue decreased by 3% for Q2 2025 and by 1% for the six months ended June 30, 2025 over the comparable prior year periods, primarily as a result of the increases in the TPDC share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue (defined below) recoveries by the Company.
- Gas deliveries increased by 9% for Q2 2025 and by 2% for the six months ended June 30, 2025 compared to the same prior year periods. The increases were mainly a result of increased consumption by industrial customers due to a higher demand for services and products. Additionally, the end of the Protected Gas regime Q3 2024 resulted in higher deliveries of Additional Gas to TPCPLC from August 2024 onward. This was partially offset by the completion of the Julius Nyerere Hydropower Project (“JNHPP”) in 2024 leading to increased availability of hydro power and causing lower lifting from power customers.
- On August 7, 2024, PAET and Pan African Energy Corporation (Mauritius) (“PAEM”) issued a notice of dispute (“Notice of Dispute”) in respect of an investment treaty claim against the GoT for breach of the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT (“BIT”), and a contractual dispute against the GoT and TPDC, for breaches of the: (i) PSA, and (ii) the Gas Agreement. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. The matters have been further referred to the relevant entity’s chief executive officers and working groups in accordance with the dispute resolution process. Discussions continued with meetings held in January and March 2025 without resolution. The Company’s Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues. In July 2025, our counsel received a letter from the Permanent Secretary to the MoE, dated June 26, 2025, advising PAET that the MoE was working on the Licence extension application and that feedback would be available in due course. The letter also advised against interference of the independence of the MoE, in the interests of good governance and proper processing of the application. The Company’s Counsel submitted a response to the MoE advising that the approaches made to the MoE were reasonable and proportionate enquiries into the status of the application, given the lengthy inaction and engagement to date. The letter urged immediate engagement to resolve the matter of the Licence extension. To date, there has been no response to that request.
- On April 15, 2025, PAET and TPDC signed a settlement agreement with TANESCO (“Settlement Agreement”), for TANESCO to pay PAET and TPDC \$52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field, which unpaid amounts totalled \$104,164,507.41 as of January 9, 2025, comprising of \$33.7 million of principal amount owing and approximately \$70.5 million of default interest. The Settlement Agreement requires TANESCO to pay the Tanzanian Shilling equivalent of \$52.0 million, comprised of the \$33.7 million principal amount and \$18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO pays the settlement amount when required and in full while remaining current on amounts owed. TANESCO must pay the settlement amount to PAET in weekly instalments and meet monthly total payment amounts, commencing in April 2025 and ending in September 2025. Payments on account of the settlement amount will be allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, and assuming payment in full of the settlement amount, the Company expects to retain approximately \$29.4 million of the settlement amount with TPDC retaining the balance. To date, TANESCO has paid \$34.1 million due under the Settlement Agreement leaving a balance remaining of \$17.9 million as at August 14, 2025.
- Net income attributable to shareholders increased by 1,786% for Q2 2025 and by 943% for the six months ended June 30, 2025 compared to the same prior year periods, primarily as a result of the reversal of loss allowance in Q2 2025 following the collection of TANESCO long-term arrears pursuant to the Settlement Agreement.
- Net cash flows from operating activities increased by 91% for Q2 2025 and by 394% for the six months ended June 30, 2025 compared to the same prior year periods primarily as a result of higher payments from TANESCO in Q2 2025 pursuant to the Settlement Agreement.
- Capital expenditures decreased by 98% for Q2 2025 and by 82% for the six months ended June 30, 2025 compared to the same prior year periods. The capital expenditures in Q1 and Q2 2025 primarily related to the costs of flowlines replacements on SS-5 and SS-9 wells, deferred from 2024 at the request of the GoT. The flowline replacement program for the SS-5 well was further deferred to Q2 2025. Inclement weather through the wet season and SE (Kusini) winds caused delay to the completion of the project and with it the employment of some capital. Given the lump-sum costs for the project, total capital expenditure is not expected to increase when the project resumes in Q4 2025. The capital expenditures in Q1 and Q2 2024 primarily related to the costs of the planned SS-7 well workover program.
- The Company exited Q2 2025 with \$49.3 million in working capital (December 31, 2024: \$21.9 million) and cash and cash equivalents of \$98.6 million (December 31, 2024: \$90.1 million). Cash held in hard currencies (USD, Euro, GBP, CDN) was \$87.7 million, as at June 30, 2025 (December 31, 2024: \$87.1 million). Of the total cash balance of \$98.6 million, \$24.7 million was posted as security in respect to an appeal initiated by the Company relating to a seismic judgment received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to losses arising from PAET’s termination of a contract relating to the Company’s 3D seismic acquisition program.
- The TANESCO long-term receivable as at December 31, 2024 was \$22.0 million and had been fully provided for. Of the cash the Company received under the Settlement Agreement in Q2 2025, \$16.1 million was attributed to the long-term gas receivable balance. As at June 30, 2025 the remaining \$5.9 million balance was recategorized as a current receivable and was received in July. Accordingly, the provision has been reversed in full and the long-term receivable balance as at June 30, 2025 is \$ nil. Subsequent to June 30, 2025, the Company has invoiced TANESCO \$5.0 million for July 2025 gas deliveries and TANESCO has paid the Company \$5.8 million to date for current year gas supplies and a further \$9.9 million under the Settlement Agreement.
- On April 25, 2025, Swala Oil & Gas (Tanzania) Plc (“Swala”) submitted a claim to the Tanzanian High Court (Commercial Division) (the “Court”) against Orca, PAEM and PAET for alleged breach of oral contract, unlawful conspiracy, unjust enrichment and breach of fiduciary duty. Swala claims damages of approximately \$237,930,013 in addition to pre- and post-judgment interest. This breaks down to: (i) \$167,930,013 for damages arising from breach of contract or conspiracy; (ii) \$50.0 million for general damages, and (iii) \$20.0 million for punitive and exemplary damages. The Company believes there is limited merit to the claim (the “Swala Dispute”).
- Subsequent to Q2 2025, on August 1, 2025, PAEM submitted a Request for Arbitration (“RFA”) to the International Centre for Settlement of Investment Disputes (“ICSID”), an arm of the World Bank, against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT; and PAET submitted two separate RFA’s to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The three claims (the “Claims”) arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Songo Songo Gas-to-Electricity Project (the “Project”) and breach multiple obligations under the BIT, the PSA and the Gas Agreement.
- Considering the anticipated reduction in capital expenditure going forward, with safety and maintenance being the main focus for the remainder of the licence, the Company intends to review its capital allocation policy in the near term and will update the market as appropriate.

Operating Volumes

The average gross daily sales volume increased by 9% for Q2 2025 and by 2% for the six months ended June 30, 2025 over the comparable prior year periods. The increases were mainly a result of increased consumption by industrial customers due to a higher demand for services and products.

The Company's gross sales volumes were split between the industrial and power sectors as detailed in the table below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Gross sales volume (MMcf)				
Industrial sector	1,688	1,171	3,411	2,443
Power sector	4,528	4,538	9,292	10,030
Total volumes	6,216	5,709	12,703	12,473
Gross daily sales volume average (MMcfd)				
Industrial sector	18.5	12.9	18.9	13.4
Power sector	49.8	49.9	51.3	55.1
Gross daily sales volume average total	68.3	62.8	70.2	68.5

Industrial Sector

Industrial sector gross daily sales volumes increased by 43% for Q2 2025 and by 41% for the six months ended June 30, 2025 over the comparable prior year periods. The Protected Gas regime ended in Q3 2024, which resulted in higher deliveries of Additional Gas to TPCPLC from August 2024 onward. In addition, there was an increased consumption by industrial customers due to a higher demand for services and products.

Power Sector

Power sector gross daily sales volumes decreased by 0.2% for Q2 2025 and by 7% for the six months ended June 30, 2025 over the comparable prior year periods. The decreases were a result of deliverability from the currently producing wells and reservoir compartments in the Songo Songo gas field declining over time, the inauguration of the JNHPP in 2024 leading to increased availability of hydro power and causing lower lifting from power customers, in conjunction with the Songas Power Plant shutdown impacting demand in Q4 2024 and onwards.

Protected Gas Volumes

Protected Gas ceased after July 31, 2024, whereafter all gas from the Songo Songo gas field is now classified as Additional Gas. It is our belief that PAET is fully entitled to compensation at a commercial rate for all volumes of gas lifted by Songas starting on August 1, 2024. Gas continued to flow to Songas following August 1, 2024 to October 31, 2024 and there is a risk that PAET will not receive full payment or payment may form part of a contract dispute.

Commodity Prices

The commodity prices achieved in the different sectors during the respective periods are detailed in the table below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$/mcf				
Average sales price				
Industrial sector	7.82	9.27	7.90	9.09
Power sector	4.03	3.86	3.97	3.89
Weighted average price	5.06	4.97	5.03	4.89

Industrial Sector

The average sales price for the industrial sector decreased by 16% for Q2 2025 and by 13% for the six months ended June 30, 2025 over the comparable prior year periods. In Q1 2025, the SGA has been retroactively approved and TPCPLC became eligible for lower pricing with an effective date of August 1, 2024.

Power Sector

The average sales price for the power sector increased by 4% for Q2 2025 and by 2% for the six months ended June 30, 2025 compared to the same prior year periods. The average power sector sales price varies depending on whether gas is delivered and sold through the National Natural Gas Infrastructure ("NNGI") or the Songas Infrastructure. Sales through the NNGI are to TPDC and do not include processing and transportation tariffs which are included in gas delivered through the Songas Infrastructure.

Revenue

Under the terms of the PSA the Company is responsible for invoicing, collecting and allocating the revenue from Additional Gas sales (see "Principal Terms of the PSA and Related Agreements" of the 2024 Annual MD&A for a summary of the terms of the PSA).

The Company is entitled to recover all costs incurred on the exploration, development and operations of the project ("Cost Gas revenue") up to a maximum of 75% of the net field revenue (gross field revenue less the tariff for processing and pipeline infrastructure) prior to allocating the remaining net field revenue between TPDC and the Company ("Profit Gas revenue"). Any costs not recovered in a period are carried forward for recovery out of future revenues. Once the Cost Gas revenue has been recovered, TPDC is able to recover any pre-approved marketing costs. Currently there are no pre-approved marketing costs for TPDC.

The Company is liable for income tax in Tanzania, but under the terms of the PSA, TPDC's share of revenue is reduced by the current tax payable grossed up at 30% ("income tax adjustment"). Revenue as presented on the Company's Condensed Consolidated Interim Statements of Comprehensive Income (Unaudited) is calculated by adjusting the Company's operating revenue by the income tax adjustment.

The reconciliation of gross field revenue to Company operating revenue and revenue is detailed below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Industrial sector	13,190	10,849	26,932	22,216
Power sector	18,259	17,513	36,911	38,763
Gross field revenue	31,449	28,362	63,843	60,979
TPDC share of revenue	(10,711)	(6,340)	(20,252)	(15,746)
Company operating revenue	20,738	22,022	43,591	45,233
Current income tax adjustment	3,536	2,992	6,074	4,718
	24,274	25,014	49,665	49,951

Revenue decreased by 3% for Q2 2025 and by 1% for the six months ended June 30, 2025 over the comparable prior year periods. The decrease is primarily a result of the increase in TPDC's share of revenue as an outcome of decreased capital expenditures and lower Cost Gas revenue recoveries by the Company.

The average Additional Gas sales volumes for the quarters ended June 30, 2025 and June 30, 2024 as well as for the quarters ended March 31, 2025 and March 31, 2024 were above 50 MMcfd which entitled the Company to a 55% share of Profit Gas revenue. The Company was allocated a total of 63% of the Additional Gas net field revenue for Q2 2025 (Q2 2024: 75%) and a total of 65% of the Additional Gas net field revenue for the six months ended June 30, 2025 (six months ended June 30, 2024: 72%).

Production, Distribution and Transportation Expenses

The production, distribution and transportation costs are detailed in the table below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Operating costs	614	943	1,385	1,768
Tariff for processing and pipeline infrastructure	2,788	2,513	5,558	5,445
Ring-main distribution costs	773	393	1,435	946
	4,175	3,849	8,378	8,159

Operating costs include well maintenance costs, PSA license costs, regulatory fees, insurance, certain costs associated with evaluation of the reserves and the costs of personnel not recoverable from Songas. Operating costs decreased by 35% for Q2 2025 and by 22% for the six months ended June 30, 2025 compared to the same prior year periods, primarily as a result of the increased production logging costs in 2024. The amount paid under the tariff for processing and pipeline infrastructure increased by 11% for Q2 2025 and by 2% for the six months ended June 30, 2025 compared to the same prior year periods, primarily as a result of the increased gas volumes processed and delivered through the Songas Infrastructure. Ring-main distribution costs increased by 97% for Q2 2025 and by 52% for the six months ended June 30, 2025 compared to the same prior year periods. The increases were mainly a result of higher consumption of spares and chemicals in 2025.

Operating Netbacks

The operating netback per mcf before general and administrative expenses, tax and Additional Profits Tax ("APT") is detailed in the table below (see "Non-GAAP Financial Measures and Ratios"):

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$/mcf				
Weighted average price for gas	5.06	4.97	5.03	4.89
TPDC Profit Gas revenue entitlement	(1.72)	(1.11)	(1.59)	(1.26)
Production, distribution and transportation expenses	(0.67)	(0.67)	(0.66)	(0.65)
Operating netback	2.67	3.19	2.78	2.98

The operating netback decreased by 16% for Q2 2025 and by 7% for the six months ended June 30, 2025 over the comparable prior year periods, primarily as a result of higher TPDC Profit Gas revenue entitlements as an outcome of decreased capital expenditures and lower Cost Gas revenue recoveries by the Company. This was partially offset by higher weighted average price for natural gas.

General and Administrative Expenses

General and administrative expenses are split between the Company's head office and Tanzania. A significant percentage of administration expenses relate to office and management costs that support our operations in Tanzania and are cost recoverable under the PSA.

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Tanzania	1,946	2,382	3,885	4,370
Corporate	3,018	2,572	5,522	4,884
	4,964	4,954	9,407	9,254

General and administrative expenses are detailed in the table below:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Employee and related costs	2,484	2,695	4,540	4,922
Office costs	1,159	1,147	2,214	2,088
ESG, marketing and business development costs	110	39	188	63
Reporting, regulatory and corporate	1,211	1,073	2,465	2,181
	4,964	4,954	9,407	9,254

General and administrative expenses averaged \$1.7 million per month during Q2 2025 (Q2 2024: \$1.7 million) and \$1.6 million per month for the six months ended June 30, 2025 (six months ended June 30, 2024: \$1.5 million). The 8% decrease in employee and related costs for the six months ended June 30, 2025 over the comparable prior year period was mainly a result of the decrease in subsurface related activities. Office costs, as well as environmental, social and governance ("ESG"), marketing and business development costs, have not significantly changed for Q2 2025 and for the six months ended June 30, 2025 over the comparable prior year periods. The 13% increase in reporting, regulatory and corporate costs for the six months ended June 30, 2025 over the comparable prior year period was due to an increase in costs related to professional services, mainly legal services.

Depletion and Depreciation

Natural gas properties are depleted using the unit of production method based on the production for the period as a percentage of the total future production from the Songo Songo proved reserves. The average depletion rate for the quarter and the six months ended June 30, 2025 was \$1.26/mcf compared to \$1.10/mcf for the comparable prior year periods.

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Oil and natural gas interests	8,015	6,291	16,161	13,742
Office and other	35	58	94	92
Right-of-use assets	77	78	154	155
	8,127	6,427	16,409	13,989

The depletion for natural gas interests increased by 27% for Q2 2025 and by 18% for the six months ended June 30, 2025 over the comparable prior year periods.

Finance Income and Expense

Finance income is detailed in the table below:

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Interest income	512	781	958	1,730
	512	781	958	1,730

Finance expense is detailed in the table below:

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Base interest expense	–	956	551	2,033
Participation interest expense	2,056	696	3,036	696
Lease interest expense	7	12	16	26
Interest expense	2,063	1,664	3,603	2,755
Net foreign exchange (gain) / loss	(236)	4,449	2,352	7,419
Indirect tax	–	328	326	643
Cost of financing	185	–	185	–
	2,012	6,441	6,466	10,817

Base interest expense and participation interest expense relate to a \$60.0 million investment loan (the “Loan”) from International Finance Corporation (“IFC”) to PAET pursuant to a loan agreement dated October 29, 2015 between IFC, PAET and the Company (the “Loan Agreement”). Base interest on the Loan was payable quarterly in arrears at 10% per annum on a “pay-if-you-can-basis” using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears and equates to 6.4% of PAET’s net cash flows from operating activities net of net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026.

On February 21, 2025, the Company fully prepaid the \$60.0 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. The Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

Net foreign exchange (gain) / loss includes realized and unrealized revaluation gains and losses. The indirect tax includes value added tax (“VAT”) on the invoices to TANESCO for interest on late payments. The VAT on Q1 2025 invoices will be recoverable in Q3 2025 should TANESCO fulfil their obligations under the Settlement Agreement.

Reversal of Loss Allowance for Receivables

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Reversal of loss allowance	20,489	—	20,489	—

The reversal of loss allowance in 2025 follows the collection of TANESCO long-term arrears pursuant to the Settlement Agreement, net of a related adjustment to the tax recoverable balance.

Additional Profits Tax

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
APT	2,694	1,526	5,094	3,709

Under the terms of the PSA, APT is payable when the Company has recovered its costs plus a specified return out of Cost Gas revenue and Profit Gas revenue. As a result: (i) no APT is payable until the Company recovers its costs out of Additional Gas revenue plus an annual operating return under the PSA of 25% plus the percentage change in the United States Industrial Goods Producer Price Index ("PPI"); and (ii) the maximum APT rate is 55% of the Company's Profit Gas revenue when costs have been recovered with an annual return of 35% plus the percentage change in PPI.

The timing and the effective rate of APT depends on the realized value of Profit Gas revenue which in turn depends on the level of expenditure. The Company provides for APT by annually forecasting the total APT payable in the future as a proportion of the forecast Profit Gas revenue over the term of the PSA. The forecast takes into account the timing of future development capital spending. As at June 30, 2025, the current portion of APT payable was \$9.8 million (December 31, 2024: \$7.8 million) with a long-term APT payable of \$1.2 million (December 31, 2024: \$5.9 million). APT of \$7.8 million was paid in Q1 2025 based on the 2024 results (Q1 2024: \$16.0 million paid based on 2023 results).

The effective APT rate of 20.6% (Q2 2024: 20.3%) has been applied to Profit Gas revenue of \$13.1 million for Q2 2025 (Q2 2024: \$7.5 million) and \$24.8 million for the six months ended June 30, 2025 (six months ended June 30, 2024: \$18.4 million). Accordingly, \$2.7 million for Q2 2025 (Q2 2024: \$1.5 million) and \$5.1 million for the six months ended June 30, 2025 (six months ended June 30, 2024: \$3.7 million) of APT has been recorded in the Company's Consolidated Interim Statements of Comprehensive Income (Unaudited).

Working Capital

Working capital as at June 30, 2025 was \$49.3 million (December 31, 2024: \$21.9 million) and is detailed in the table below (see also “Non-GAAP Financial Measures and Ratios”):

\$'000	As at	
	June 30, 2025	December 31, 2024
Cash and cash equivalents¹	98,572	90,076
Trade and other receivables		
Songas	1,994	2,161
TPDC	6,204	5,592
TANESCO	5,893	12,731
TPCPLC	3,395	10,409
Industrial customers and other receivables	14,564	14,321
Loss allowance	(1,177)	(1,177)
Prepayments	837	1,586
	130,282	135,699
Trade and other liabilities		
TPDC share of Profit Gas revenue ²	23,879	16,359
Songas	2,398	2,741
Deferred income – take or pay contracts	1,116	943
Other trade payables and accrued liabilities	38,537	46,808
Current portion of long-term loan	–	30,122
Current portion of APT	9,753	7,824
Tax payable	5,252	8,998
	80,935	113,795
Working capital	49,347	21,904

¹ As of the date of this report, \$24.7 million of the amount was posted as security in respect to an appeal initiated by the Company relating to a seismic judgment (the “Judgment”) received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to losses arising from PAET’s termination of a contract relating to the Company’s 3D seismic acquisition program, pursuant to which the Court ordered specific and general damages in the aggregate of \$23.1 million, plus legal costs and interest at a rate of 7% per annum. Such amount will be held as security and will be restricted until the appeal is resolved.

² The balance of \$23.9 million payable to TPDC is the liability for TPDC’s share of Profit Gas revenue, primarily related to unpaid gas deliveries to TANESCO. A significant percentage of the settlement of this liability is related to TANESCO’s long-term arrears that have been partially paid for in Q2 2025 and have been released to TPDC as part of the profit sharing mechanism in Q3 2025. For their allocation of Profit Gas revenue, the Company paid TPDC \$8.7 million in April 2025 and \$14.5 million in July 2025.

Financial Instruments

Current financial instruments of the Company include cash and cash equivalents, trade and other receivables, trade and other liabilities and tax payable. The carrying values of the financial instruments approximate fair values due to their relatively short periods to maturity. The risks associated with the Company’s financial instruments are primarily attributed to the inherent riskiness of the Tanzanian cash holdings and the ability to exchange Tanzanian shillings for hard currencies, and the risk that trade and other receivables may not be paid when due. The Company mitigates these risks by (i) holding, when possible, the majority of its cash (other than Tanzanian shillings) outside of Tanzania in reputable international financial institutions primarily in Jersey and Mauritius which reduces the Company’s exposure to geo-political risks; (ii) monitoring and reviewing the trade and other receivables on a regular basis to determine if allowances are required for overdue amounts or action is required to restrict deliveries on past due accounts to reduce exposure on outstanding receivables; and (iii) seeking payments from its customers, when possible, in US dollars. As of June 30, 2025, over 90% of receipts from domestic customers are denominated in Tanzanian shillings. There are no restrictions on the movement of cash from Jersey, Mauritius or Tanzania.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets cease to be recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Working Capital Requirements

The Company expects to have sufficient cash flow from operating activities to maintain adequate working capital to cover both short-term and long-term obligations for 2025. The Company maintains adequate US dollars and other hard currencies on hand to ensure it can meet all its foreign denominated capital expenditure obligations and deal with possible fluctuations in liquidity from operational problems and US dollar liquidity issues in Tanzania. The global growth slowdown has seen an increased decline in foreign exchange reserves in Tanzania, which has given rise to decreased availability of US dollars in Tanzania and impaired the Company’s ability to convert Tanzanian shillings directly to US dollars, particularly in 2024. The Company has seen an improvement in Q1 and Q2 2025, however, there is still a risk that the Company may not be able to convert Tanzanian shillings to hard currencies, such as US dollars, in the future as and when required. It is not known when the foreign exchange reserve deficiency in Tanzania will be remedied, if ever.

TANESCO Receivable

As at June 30, 2025, the current receivable from TANESCO was \$5.9 million (December 31, 2024: \$12.7 million). During Q2 2025 the Company invoiced TANESCO \$13.7 million for gas deliveries (Q2 2024: \$11.1 million) and received \$16.4 million in payments for current receivables (Q2 2024: \$14.8 million). These amounts are inclusive of VAT. Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in Q2 2025 and Q2 2024 as revenue. Subsequent to June 30, 2025 the Company has invoiced TANESCO \$5.0 million for July 2025 gas deliveries and TANESCO has paid the Company \$5.8 million to date for current year gas supplies and a further \$9.9 million under the Settlement Agreement.

The TANESCO long-term receivable as at December 31, 2024 was \$22.0 million and had been fully provided for. Of the cash the Company received under the Settlement Agreement in Q2 2025, \$16.1 million was attributed to the long-term gas receivable balance. As at June 30, 2025 the remaining \$5.9 million balance

was recategorized as a current receivable and was received in July. Accordingly, the provision has been reversed in full and the long-term receivable balance as at June 30, 2025 is \$ nil.

Capital Expenditures

The capital expenditures (see “Non-GAAP Financial Measures and Ratios”) in Q1 and Q2 2025 primarily related to the flowlines replacement program for SS-5 and SS-9 wells, deferred at the request of the GoT from 2024. The flowline replacement program for the SS-5 well was further deferred to Q2 2025. The capital expenditures in Q1 and Q2 2024 primarily related to the initial costs of the well workover program. Inclement weather through the wet season and SE (Kusini) winds caused delay to the completion of the project and with it the employment of some capital. Given the lump-sum costs for the project, total capital expenditure is not expected to increase when the project resumes in Q4 2025.

\$'000	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Pipelines and infrastructure	44	1,909	592	3,078
Other capital expenditures	–	3	–	304
	44	1,912	592	3,382

Capital Requirements

Except as described below, there are no contractual commitments for exploration or development drilling or other field development, either in the PSA or otherwise agreed, which would give rise to significant capital expenditure with respect to the Songo Songo gas field. Any additional significant capital expenditure in Tanzania is discretionary.

During 2024, the Company recorded an asset impairment expense of \$25.9 million with respect to the SS-7 well workover program which has now concluded. It is not known if further attempts to return the well to production will be pursued in the foreseeable future.

On April 14, 2023, PAET formally requested TPDC apply for an extension of the Songo Songo Development License (the “License”). TPDC is contractually required to make this application promptly upon a request by the Company. In November 2024, TPDC submitted the application for the extension of the License to the MoE, however, being uneconomic, the Company informed TPDC that it did not agree with the terms as submitted. Having declined to address PAET’s concerns itself, TPDC has refused to rescind and resubmit the application and has advised PAET to raise any issues directly to the MoE. The Company’s Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues, and to date a response has not been received to such letter. There are currently no certainties on the timing, nature and extent of any extension of the License. Until an extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company’s operating activities subsequent to October 2026, when the License is set to expire. Given the time remaining on the existing License, lack of progress on the License extension application request, and the recent filing for arbitration by both PAEM and PAET in respect to the Claims, all capital projects, other than maintenance and those necessary for essential safety are currently on hold.

Long-term Receivables

\$'000	As at	
	June 30, 2025	December 31, 2024
Lease deposit	10	10
	10	10

The following table details the amounts receivable from TANESCO that do not meet revenue recognition criteria and therefore are not recorded in the consolidated financial statements:

\$'000	As at	
	June 30, 2025	December 31, 2024
Total amounts invoiced to TANESCO	78,489	105,210
Current trade receivable – TANESCO	(5,893)	(12,731)
Unrecognized amounts ¹	(72,596)	(70,461)
Loss allowance	–	(22,018)
	–	–

¹ The amount includes invoices for interest on late payments from TANESCO.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2024, Q1 2025 and Q2 2025.

On April 15, 2025 PAET signed the Settlement Agreement with TPDC and TANESCO, for TANESCO to pay PAET and TPDC \$52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field. The parties acknowledged in the Settlement Agreement that these unpaid amounts totalled \$104.2 million as of January 9, 2025, comprised of \$33.7 million of the principal amount owing and approximately \$70.5 million of default interest.

The Settlement Agreement requires TANESCO to pay the Tanzanian Shilling equivalent of \$52.0 million, comprised of the \$33.7 million principal amount and \$18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO pays the settlement amount when required and in full while remaining current on amounts owed. TANESCO must pay the settlement amount to PAET via weekly instalments and meet monthly total payment amounts, commencing in April 2025 and ending in September 2025. Payments on account of the settlement amount will be allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, and assuming payment in full of the settlement amount, the Company expects to retain approximately \$29.4 million of the settlement amount. To date, TANESCO has paid \$34.1 million due under the Settlement Agreement.

As at December 31, 2024 the Company held a \$22.0 million loss allowance against long-term gas receivables and of the cash the Company received under the Settlement Agreement as at June 30, 2025, \$16.1 million was attributed to the long-term gas receivable balance. The remaining \$5.9 million was received in July 2025. Accordingly, the Company has released the entire \$22.0 million loss allowance in Q2 2025 and recategorized the \$5.9 million outstanding as at June 30, 2025 as a current trade receivable.

Long-term Loan

In 2015 PAET obtained the Loan with the IFC, a member of the World Bank Group, for \$60 million. The Loan was fully drawn down in 2016.

The Loan was to be paid out through six semi-annual payments of \$5.0 million starting October 15, 2022 and one final payment of \$25.2 million was to be due on October 15, 2025. The Loan was an unsecured subordinated obligation of PAET. Pursuant to the sale of the non-controlling interest in PAEM, the parent company of PAET, in 2018, the Company agreed with the IFC to reduce the outstanding amount of the Loan by the percentage interest sold of 7.933% (\$4.8 million) before the fourth anniversary of the first drawdown. PAET made this payment on October 16, 2019. Dividends and distributions from PAET to PAEM were restricted at any time whenever amounts of interest, principal or participating interest are due and outstanding. All amounts under the Loan were paid when due.

On February 21, 2025, the Company fully prepaid the \$60 million Loan. To effect the prepayment, the Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan as of February 21, 2025. The annual variable participating interest granted by PAET to the IFC under the terms of the loan agreement with the IFC remains outstanding.

Outstanding Shares

The Class A Shares are convertible at any time at the option of the holder into Class B Shares on a one-for-one basis. Subject to the terms and conditions of conversion specified in the memorandum of association and articles of association of the Company, the Class B Shares are convertible into Class A Shares on a one-for-one basis if an offer is made to purchase Class A Shares that: (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Shares are listed, be made to all or substantially all of the holders of Class A Shares; and (ii) are not made concurrently with an offer to purchase Class B Shares that is identical to the offer to purchase Class A Shares and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Shares. The conversion right does not come into effect under certain events specified in the memorandum of association of the Company, including, without limitation, the prior delivery to the Company's transfer agent and to the Secretary of the Company of a certificate signed by one or more shareholders owning more than 50% of the then outstanding Class A Shares.

On November 18, 2024, the Company commenced a normal course issuer bid ("2024 NCIB") to purchase Class B Shares through the facilities of the TSX Venture Exchange ("TSXV") and alternative trading systems in Canada. As at June 30, 2025 and as at August 14, 2025 the Company had repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN\$3.17 pursuant to the 2024 NCIB. 1,749,895 Class A Shares and 18,015,014 Class B Shares were outstanding as at June 30, 2025 and as at August 14, 2025. See "Normal Course Issuer Bid and Dividends" in this MD&A.

Cash Flow Summary

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Operating activities				
Net income	22,401	1,188	22,503	2,157
Non-cash adjustments	7,512	7,228	18,449	14,697
Interest expense	2,063	1,664	3,603	2,755
Changes in non-cash working capital ¹	(28)	6,667	7,657	(9,032)
Net cash flows from operating activities	31,948	16,747	52,212	10,577
Net cash used in investing activities	(2,126)	(2,099)	(9,776)	(3,484)
Net cash used in financing activities	(1,610)	(10,671)	(34,383)	(13,201)
Increase / (decrease) in cash	28,212	3,977	8,053	(6,108)

¹See Condensed Consolidated Interim Statements of Cash Flows

The Company's net income increased by 1,786% for Q2 2025 and by 943% for the six months ended June 30, 2025 over the comparable prior year period primarily as a result of the reversal of loss allowance in Q2 2025. The Company's net cash flows from operating activities increased by 91% for Q2 2025 and by 394% for the six months ended June 30, 2025 over the comparable prior year periods primarily as a result of higher payments from TANESCO in Q2 2025 pursuant to the Settlement Agreement. The increase in net cash used in investing activities for the six months ended June 30, 2025 over the comparable prior year period was mainly a result of changes in non-cash working capital related to the SS-7 well workover program. The increase in net cash used in financing activities for the six months ended June 30, 2025 over the comparable prior year period was an outcome of paying off the loan in February 2025.

Related Party Transactions

The Chair of the Company's Board of Directors is Counsel at Burnet, Duckworth & Palmer LLP, a law firm that provides legal advice to the Company and its subsidiaries. Fees for services provided by this firm totalled \$0.1 million during the quarter ended June 30, 2025 (Q2 2024: \$0.2 million) and \$0.3 million for the six months ended June 30, 2025 (six months ended June 30, 2024: \$0.5 million). As at June 30, 2025 the Company had a total of \$0.1 million (December 31, 2024: \$0.05 million) recorded in trade and other payables in relation to related parties.

Normal Course Issuer Bid and Dividends

On November 6, 2023 the Company commenced a normal course issuer bid ("2023 NCIB") to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2023 NCIB were made by Research Capital Corporation ("Research Capital") on behalf of the Company and were not to exceed 500,000 Class B Shares, representing approximately 2.76% of the total outstanding Class B Shares as of October 31, 2023. The 2023 NCIB was in effect from November 6, 2023 until November 5, 2024. Purchases of Class B Shares were made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2023 NCIB was not to exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares were to come from the Company's working capital and cash flow. All Class B Shares purchased under the 2023 NCIB were to be cancelled. As at November 5, 2024, being the last day of the 2023 NCIB, the Company had repurchased for cancellation 70,200 Class B Shares at a weighted average price of CDN\$4.38 pursuant to the 2023 NCIB.

On November 18, 2024 the Company commenced the 2024 NCIB to purchase Class B Shares through the facilities of the TSXV and alternative trading systems in Canada. Purchases pursuant to the 2024 NCIB have been and will be made by Research Capital on behalf of the Company and will not exceed 500,000 Class B Shares, representing approximately 2.77% of the total outstanding Class B Shares as of November 13, 2024. The 2024 NCIB is in effect from November 18, 2024 until the earlier of the purchase of the maximum number of Class B Shares or November 17, 2025. Purchases of Class B Shares under the 2024 NCIB are made by Research Capital based on the parameters prescribed by the TSXV and applicable securities laws. The acquisition price of Class B Shares under the 2024 NCIB will not exceed the market price of the Class B Shares at the time of acquisition and the funds available to acquire the Class B Shares will come from the Company's working capital and cash flow. All Class B Shares purchased under the 2024 NCIB will be cancelled. As at June 30, 2025 and as at August 14, 2025 the Company has repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN \$3.17 pursuant to the 2024 NCIB.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share (CDN\$)
May 14, 2025	June 30, 2025	July 15, 2025	0.10
February 14, 2025	March 31, 2025	April 14, 2025	0.10
November 12, 2024	December 31, 2024	January 14, 2025	0.10
August 21, 2024	September 30, 2024	October 14, 2024	0.10
May 15, 2024	June 28, 2024	July 12, 2024	0.10
February 1, 2024	March 29, 2024	April 12, 2024	0.10

Consolidation

The companies which are being consolidated for the purposes of this MD&A are:

Company	Incorporated	Holding
Orca Energy Group Inc.	British Virgin Islands	Parent Company
Orca Exploration UK Services Limited ¹	United Kingdom	100%
PAE PanAfrican Energy Corporation	Mauritius	100%
PanAfrican Energy Tanzania Limited	Jersey	100%

¹ Orca Exploration UK Services Limited was dissolved on April 29, 2025.

Contingencies

Taxation

					As at	
					June 30, 2025	December 31, 2024
Amounts in \$' millions						
Area	Period	Reason for dispute	Principal	Interest	Total	Total
Income Tax	2008-09, 2011-20	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008, 2011 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020), underestimation of tax due (2014, 2016 and 2020) and methodology of grossing up of income taxes paid (2015 to 2017).	20.0	15.4	35.4	37.7
Tax on Repatriated Income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	19.5	6.0	25.5	27.1
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020) and VAT on income tax and production taxes (2019 to 2023).	12.0	4.4	16.4	16.6
			51.5	25.8	77.3	81.4

During 2022, following the expiry of the statutory deadline for the Tanzania Revenue Authority ("TRA") to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board ("TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. In May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016 agreeing to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above. As of June 30, 2025, years of income of 2021 to 2024 remain open for audit.

Corporate income tax

In 2024, the Company withdrew its application for the Court of Appeal of Tanzania ("CAT") to review its judgment on the corporate income tax for the year of 2009 (\$2.1 million). The matter is now marked withdrawn. Parties will now negotiate on the implementation of CAT's judgment of 2018 in favour of TRA. At an earlier judgment, TRAB, while ruled in favour of the TRA, also allowed the Company to utilize the depreciation allowance, which was the issue in dispute, in subsequent years. The Company had already made provision in the accounts for the amount in dispute.

In Q2 2022, the Tax Revenue Appeals Tribunal ("TRAT") pronounced its judgment on the corporate income tax appeal for the year 2010 (\$2.1 million) in favour of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q3 2022, the Company filed a memorandum of appeal. The hearing took place on February 25, 2025 and was adjourned for a later date to allow parties to attempt an out-of-court settlement. The Company had already made provision in the accounts for the amount in dispute.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for the year 2011 (\$1.5 million) in favour of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q4 2023, the Company filed a memorandum of appeal and is now awaiting a hearing date. On February 24, 2025 and July 21, 2025, the Company approached the TRA with a proposal for an out-of-court settlement of \$0.15 million and is currently awaiting a response. On July 22 2025, the CAT adjourned the hearing for sixty days to allow parties to attempt an out-of-court settlement. In Q4 2023, the Company recorded a provision of approximately \$0.3 million being the Company's share of the interest assessed.

In Q1 2025, the Company's appeals against the corporate income tax assessments for the years of 2012 and 2013 (\$11.2 million) were heard at TRAB and the parties are now awaiting TRAB's decision.

In Q2 2025, the Company's appeal against the corporate income tax assessment for the year of 2014 (\$5.1 million) was heard at TRAB and parties are now awaiting TRAB's decision.

Subsequent to Q2 2025, in July 2025, the Company's appeals against the corporate income tax assessments for the years of 2015 and 2016 (\$8.5 million) were heard at TRAB and the parties are now awaiting TRAB's decision.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments (\$0.5 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals were heard at TRAB and the parties are now awaiting TRAB's decision.

Tax on repatriated income

In Q4 2023, during the TRAB hearing of the appeals against the notice of assessment for tax on repatriated income for the years of 2012 to 2014 (\$14.1 million), the TRA was allowed to file a preliminary objection. In Q1 2024, the parties filed their written submissions. In Q2 2025, TRAB heard the appeals by way of written submissions. TRAB judgment is now on notice.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income (\$10.8 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the parties filed their respective final written submissions and are awaiting TRAB's decision.

VAT

On May 22, 2023, the TRAB pronounced its judgment on the VAT appeal for the years of 2015 and 2016 (\$0.2 million) in favour of the Company. A written judgment is still pending. The TRA did not file a notice of intention to appeal at the TRAT by the statutory filing deadline. The Company continues to monitor actions taken by the TRA.

In Q4 2022, the TRA issued an assessment for VAT (\$0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that the TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q1 2024, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals came for a hearing at the TRAB. The parties filed their written submissions and are now awaiting TRAB's decision.

On November 29, 2024 the TRA issued assessments for VAT (\$14.1 million) for the years of 2019 to 2023. The Company objected to the assessments on the ground that the TRA incorrectly imposed VAT on a contractual adjustment made to the TPDC's Profit Gas share and to the regulatory levy charged to customers. On April 15, 2025, the TRA issued a notice of intention to determine the objections. On May 17, 2025, the Company responded to the notice. Subsequent to Q2 2025, TRA delivered its determination of the objections. On July 21, 2025, the TRA issued final VAT assessments for the years of 2019 to 2024. On July 23, 2025, the Company filed notices of intention to appeal at the TRAB.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA assesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT.

Accounting Changes

There were no accounting changes in Q1 2025 and Q2 2025 (see "Accounting Changes" in the 2024 Annual MD&A for a summary of the accounting changes in 2024).

Quarterly Results Summary

The following is a summary of the results for the Company for the last eight quarters:

	2025				2024			2023
Figures in \$'000 except where otherwise stated	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	24,274	25,391	36,855	24,787	25,014	24,937	24,448	27,374
Net income/(loss) attributable to shareholders	22,401	102	(25,821)	2,086	1,188	969	(438)	256
Earnings/(loss) per share								
– basic and diluted (\$)	1.13	0.01	(1.31)	0.10	0.06	0.05	(0.02)	0.01
Net cash flows from/(used in) operating activities	31,948	20,264	6,254	10,255	16,747	(6,170)	9,858	14,995
Capital expenditures	44	548	14,869	9,354	1,912	1,470	2,065	2,928

Revenue decreased in Q4 2023 as a result of a decrease in sales to the industrial sector, an increase in TPDC share of revenue and a lower current income tax adjustment. Revenue increased in Q1 2024 as a result of an increase in sales to the industrial sector and decreased TPDC share of revenue, partially offset by a decrease in sales to the power sector and a lower current income tax adjustment. Revenue increased in Q2 2024 as a result of a decrease of TPDC share of revenue and a higher current income tax adjustment, partially offset by a decrease in sales to the power and industrial sectors. Revenue decreased in Q3 2024 primarily as a result of a lower current income tax adjustment and the revenues from gas deliveries to Songas in August and September not meeting revenue recognition criteria under IFRS 15. Revenue increased in Q4 2024 as a result of a decrease of TPDC share of revenue and a higher current income tax adjustment, partially offset by a decrease in sales to the industrial sector. Revenue decreased in Q1 2025 as a result of an increase of TPDC share of revenue and a lower current income tax adjustment. Revenue decreased in Q2 2025 as a result of an increase of TPDC share of revenue, partially offset by a higher current income tax adjustment.

Net income / (loss) attributable to shareholders was affected by several factors, other than changes in revenue, including:

- the decrease in Q4 2023 was a result of a higher depletion expense;
- the increase in Q1 2024 was a result of a lower depletion expense, partially offset by a reversal of allowance in the previous quarter;
- the increase in Q2 2024 was a result of a lower depletion expense, higher deferred income tax recovery and a lower APT expense, partially offset by a higher finance expense;
- the increase in Q3 2024 was a result of lower G&A and finance expenses;
- the decrease in Q4 2024 was a result of recording of (i) asset impairment of \$25.9 million with respect to the SS-7 well workover program, and (ii) loss allowance of \$21.7 million with respect to ongoing litigation;
- the increase in Q1 2025 was a result of recording the asset impairment and the loss allowance in Q4 2024, which was partially offset by a lower deferred income tax recovery in Q1 2025; and
- the increase in Q2 2025 was a result of the reversal of a \$22.0 million loss allowance following the collection of TANESCO long-term arrears pursuant to the Settlement Agreement.

In addition to the factors impacting net income attributable to shareholders, net cash flows from operating activities were primarily affected by the timing and amount of payments received from TANESCO. The decrease in Q4 2023 was primarily a result of the changes in the non-cash working capital, namely the increase in trade and other receivables. The decrease in Q1 2024 was primarily a result of the annual 2023 current liability associated with APT paid in Q1 2024. The increase in Q2 2024 was primarily a result of the changes in the non-cash working capital, namely the decrease in trade and other receivables. The decreases in Q3 2024 and Q4 2024 were primarily a result of the increases in trade and other receivables. The increases in Q1 2025 and Q2 2025 were primarily a result of the decreases in trade and other receivables.

Capital expenditures in Q3 2023 were mainly related to the 3D seismic acquisition program. Capital expenditures in Q4 2023 and Q1, Q2, Q3 and Q4 2024 were mainly related to well workover activities. Capital expenditures in Q1 and Q2 2025 were mainly related to flowlines replacement activities. Inclement weather through the wet season and SE (Kusini) winds caused delay to the completion of the flowlines project and with it the employment of some capital. The flowlines project is expected to resume in Q4 2025.

Non-GAAP Financial Measures and Ratios

In this MD&A, the Company has disclosed the following non-GAAP financial measures, non-GAAP ratios and supplementary financial measures: capital expenditures, operating netback, operating netback per mcf, working capital, net cash flows from operating activities per share and weighted average Class A and Class B Shares.

These non-GAAP financial measures and ratios disclosed in this MD&A do not have any standardized meaning under International Financial Reporting Standards ("IFRS") and may not be comparable to similar financial measures disclosed by other issuers. These non-GAAP financial measures and ratios should not, therefore, be considered in isolation or as a substitute for, or superior to, measures and ratios of Company's financial performance defined or determined in accordance with IFRS. These non-GAAP financial measures and ratios are calculated on a consistent basis from period to period.

Non-GAAP Financial Measures

Capital expenditures

Capital expenditures is a useful measure as it provides an indication of our investment activities. The most directly comparable financial measure is net cash used in investing activities. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended		Six Months ended	
	June 30		June 30	
\$'000	2025	2024	2025	2024
Pipelines, well workovers and infrastructure	44	1,909	592	3,078
Other capital expenditures	—	3	—	304
Capital expenditures	44	1,912	592	3,382
Change in non-cash working capital	2,082	187	9,184	102
Net cash used in investing activities	2,126	2,099	9,776	3,484

Operating netback

Operating netback is calculated as revenue less processing and transportation tariffs, TPDC's revenue share, and operating and distribution costs (see "Operating Netback" in this MD&A). The operating netback summarizes all costs that are associated with bringing the gas from the Songo Songo gas field to the market, and is a measure of profitability. A reconciliation to the most directly comparable financial measure is as follows:

	Three Months ended		Six Months ended	
	June 30		June 30	
\$'000	2025	2024	2025	2024
Revenue	24,274	25,014	49,665	49,951
Production, distribution and transportation expenses	(4,175)	(3,849)	(8,378)	(8,159)
Net Production Revenue	20,099	21,165	41,287	41,792
Less current income tax adjustment (recorded in revenue)	(3,536)	(2,992)	(6,074)	(4,718)
Operating netback	16,563	18,173	35,213	37,074
Sales volumes MMcf	6,216	5,709	12,703	12,473
Netback \$/mcf	2.67	3.19	2.78	2.98

Non-GAAP Ratios

Operating netback per mcf

Operating netback per mcf represents the profit margin associated with the production and sale of Additional Gas and is calculated by taking the operating netback and dividing it by the volume of Additional Gas delivered and sold. This is a key measure as it demonstrates the profit generated from each unit of production.

Supplementary Financial Measures

Working capital

Working capital is defined as current assets less current liabilities, as reported in the Company's Condensed Consolidated Statements of Financial Position (Unaudited). It is an important measure as it indicates the Company's ability to meet its financial obligations as they fall due.

Net cash flows from operating activities per share

Net cash flows from operating activities per share is calculated as net cash flows from operating activities divided by the weighted average number of shares, similar to the calculation of earnings per share. Net cash flow from operations is an important measure as it indicates the cash generated from the operations that is available to fund ongoing capital commitments.

Weighted average Class A and Class B Shares

In calculating the weighted average number of shares outstanding during any period, the Company takes the opening balance multiplied by the number of days until the balance changes. It then takes the new balance and multiplies that by the number of days until the next change, or until the period end. The resulting multiples of shares and days are then aggregated, and the total is divided by the total number of days in the period.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to the Company's December 31, 2024

audited consolidated financial statements for a description of estimates and judgments.

Business Risks

The Company operates in the oil and gas industry in the United Republic of Tanzania and is exposed to various market, legal and operational risks. For a full discussion of these risks, please see “*Business Risks*” in the 2024 Annual MD&A available on the Company’s profile on SEDAR+ at www.sedarplus.ca or on the Company’s website. The following risk factors supplement those disclosed in the Company’s 2024 Annual MD&A.

License extension

See “*Business Risks – Contractual, regulatory and legal – License extension - Outcome of the Notice of Dispute*” in the Company’s 2024 Annual MD&A for a description of the risks related to an extension of the License and the arbitration proceedings involving PAEM, PAET, Tanzania and TPDC.

Efforts to resolve PAEM’s dispute with the GoT regarding its investment treaty claim under the BIT and PAET’s contractual disputes against the GoT and TPDC under the PSA and Gas Agreement have been unsuccessful. On August 1, 2025, PAEM submitted the RFA’s to ICSID against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT. PAET also submitted two separate RFA’s to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The claims under the RFA’s arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, PSA and Gas Agreement.

The commencement of arbitration proceedings against the GoT and TPDC might cause the commercial relationship between PAET and the GoT and TPDC to deteriorate, which could cause the GoT and TPDC to initiate counter-claims against PAET under the PSA, Gas Agreement or Tanzanian laws or reduce the likelihood that the License is extended on terms acceptable to PAET. If the License is not extended on or before October 10, 2026, and the PSA and other relevant project agreements terminate, PAET’s legal authority to carry-out activities under the PSA and other relevant project agreements will terminate on such date, in which case PAET may need to cease its Tanzanian operations in protest and under duress while PAEM and PAET continue to pursue PAEM’s investment treaty claim under the BIT and PAET’s contractual disputes against the GoT and TPDC under the PSA, Gas Agreement and other relevant project agreements. The process and consequences of PAET ceasing operations in these circumstances, and the reactions of the GoT, TPDC and other stakeholders in PAET’s business to PAET deciding to cease operations in such circumstances, cannot be predicted with certainty. If PAEM and PAET are unable to resolve the uncertainty regarding PAET’s operating authority after October 10, 2026, a cessation of operating activities would have a material adverse effect on the Company’s consolidated financial condition, financial performance and cash flows.

Outcome of the Swala Dispute

On April 25, 2025, Swala submitted a claim to the Tanzanian Court against Orca, PAEM and PAET for alleged breach of oral contract, unlawful conspiracy, unjust enrichment and breach of fiduciary duty. Swala is claiming damages of approximately \$238.0 million plus interest, including \$167,930,013 for damages arising from breach of contract or conspiracy, \$50.0 million for general damages, and \$20.0 million for punitive and exemplary damages.

Orca, PAEM and PAET are vigorously defending themselves in these proceedings. No amounts have been recorded for any potential liability from these proceedings as the allegations are wholly without merit.

The Company cannot predict the outcome of the Swala legal proceedings, the associated costs, and damages, if any, relating to the Swala legal proceedings. Further, the Company cannot predict the effect an adverse judgement in these proceedings will have on our business, the timing of a judgement on the Swala claims, and the extent to which such a judgement would have a material adverse effect on the Company’s financial condition, financial performance and cashflows.

Principal Terms of the PSA and Related Agreements

For a discussion of the principal terms of the PSA and related agreements, please see “Principal Terms of the PSA and Related Agreements” in the 2024 Annual MD&A available on the Company’s profile on SEDAR+ at www.sedarplus.ca or on the Company’s website.

Forward Looking Statements

This MD&A contains forward-looking statements or information (collectively, “forward-looking statements”) within the meaning of applicable securities legislation. All statements, other than statements of historical fact included in this MD&A, which address activities, events or developments that Orca expects or anticipates to occur in the future, are forward-looking statements. Forward-looking statements often contain terms such as may, will, should, anticipate, expect, continue, estimate, believe, project, forecast, plan, intend, target, outlook, focus, could and similar words suggesting future outcomes or statements regarding an outlook. More particularly, this MD&A contains, without limitation, forward-looking statements pertaining to the following: the Company’s expectations regarding the demand for natural gas and power supply; assessment by the Company of the merits of the appeal made by the Company pursuant to the Judgment; costs, outcomes and timing in respect to the outcome of the appeal of the Judgment; merit, outcomes, position and timing in respect of the Notice of Dispute; merit, outcomes, position and timing in respect of the Claims; merit, outcomes, position and timing in respect of the Swala Dispute; expectations in relation to the Notice of Dispute; expectations in relation to the Swala Dispute; the amount of damages that may be payable by the Company relating to the Swala Dispute; the amount of damages that may be received by the Company in respect to the Claims; expectations in relation to the Claims; extension of the License and the Company’s expectation to continue to actively engage with the GoT to progress the License extension; the ability of the Company to continue its operating activities subsequent to October 2026, when the License is set to expire; expectations in respect of the Songas Power Plant; continued accrual of participating interest in respect of the Loan until the specified date; the receipt of the payment of interest from TANESCO; the timing and effective rate of the APT payable by the Company; the Company’s expectation that there will be no future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; that in relation to the bill of costs review a ruling will be delivered on August 15, 2025; the Company will review its **capital allocation policy in the near term and will update the market**; availability of necessary regulatory approvals; the Company’s expectation that it will maintain adequate working capital to cover the Company’s long-term and short-term obligations; if any payment is eventually required in respect of the Judgment, that such payment will be cost recoverable under the PSA; that TANESCO will pay such amounts owing under the Settlement Agreement; the amount that PAET is expected to retain in relation to the Settlement Agreement; expectations that an indefinite shutdown of the Songas Power Plant will adversely impact demand for production volumes from the Songo Songo gas field; expectation that forecasted Additional Gas will decrease; the expectations regarding future revenues of the Company; the Company’s plans to provide updates on the Notice of Dispute, Claims, Swala Dispute and/or Judgment; expectations that Songas will pay the balance of the invoice in respect to Additional Gas; that the flowlines project will resume in Q4 2025; that the Company does not expect to incur any losses from debtors in 2025; the Company’s expectations that no circumstances will significantly impact the Company’s cash flow or liquidity other than disclosed in this MD&A, as applicable; the Company’s expectations that it will be able to convert Tanzanian shillings into US dollars and other hard currencies during and after the current foreign exchange deficiency; the Company’s expectations regarding supply and demand of natural gas; the Company’s expectation and evaluations on the timing and results of its objections and appeals to the decisions and assessments of the TRA, TRAB and CAT under “Contingencies – Taxation” in this MD&A; the Company’s expectations regarding changes to its tax liabilities and the implementation of further legislation. In addition, statements relating to “reserves” are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be produced profitably in the future. The recovery and reserve estimates of the Company’s reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual results may differ materially from those anticipated in the forward-looking statements. Although management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, access to resources and infrastructure, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies.

These forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, and many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by the Company, including, but not limited to: uncertainties involving the Notice of Dispute, the Judgment, the RFA's and Claims, and the Swala Dispute; uncertainties involving the various ongoing tax disputes; various uncertainties involved in the extension of the License; risk the PSA will not be replaced; risk of decreased demand for production volumes from the Songo Songo gas field; risk the Songas Power Plant will shut down indefinitely; negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania; fluctuations in demand for natural gas and power supply in Tanzania; the Company's average gas sales including the sale of Additional Gas are different than anticipated; risk that the Company may incur losses and legal expenses as a result of the Notice of Dispute and/or appeal of the Judgment; risk that the Company may incur losses and legal expenses in respect to its various tax disputes; risk that the Company may incur losses and legal expenses as a result of the RFA's and Claims and/or the Swala Dispute; uncertainties regarding quantum of damages payable to the Company in respect of the Notice of Dispute and/or Claims and/or tax disputes; uncertainties regarding quantum of damages payable by the Company in respect of the appeal of the Judgment and/or the Swala Dispute; risk that the budgeted expenditures, timing of the completion and anticipated benefits from the Company's various development programs and studies in 2025 are different than expected; risk of damage to the Company's infrastructure assets; that not all capital allocation decisions will be based upon prudent economic evaluations and returns; failure to extend the License on favorable terms or at all; inability to continue the Company's operating activities beyond the expiry of the License; inability to maintain gas sale contract discipline; the accrual of participating interest is different than expected; failure to receive payment of arrears from TANESCO; if any payment is eventually required in respect of the Judgment, that it will not be cost recoverable under the PSA; risk that TANESCO will not pay such amounts owing under the Settlement Agreement; changes to the timing and effective rate of the APT payable by the Company; changes to forecasts regarding future development capital spending and source of capital spending; risk of future restrictions on the movement of cash from Jersey, Mauritius or Tanzania; occurrence of circumstance or events which significantly impact the Company's cash flow and liquidity and the Company's ability cover its long-term and short-term obligations or fund planned capital expenditures; incurrence of losses from debtors in 2025; prolonged foreign exchange reserves deficiency in Tanzania; inability to convert Tanzanian shillings into US dollars or other hard currencies as and when required; discontinuation of work by the Company with the GoT on an alternative development plan for longer term field development; failure to obtain necessary regulatory approvals; risks regarding the uncertainty around evolution of Tanzanian legislation; risk of unanticipated effects regarding changes to the Company's tax liabilities and the implementation of further legislation and the Company's interpretation of the same; risk of a lack of access to Songas processing and transportation facilities; risk that the Company may be unable to complete additional field development to support the Songo Songo production profile through the life of the License; risks associated with the Company's ability to complete sales of Additional Gas; negative effect on the Company's rights under the PSA and other agreements relating to its business in Tanzania as a result of recently enacted legislation, as well as the risk that such legislation will create additional costs and time connected with the Company's business in Tanzania; risk relating to the Company's relationship with the GoT; the impact of general economic conditions in the areas in which the Company operates; civil unrest; risk of pandemic; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations; impact of local content regulations and variances in the interpretation and enforcement of such regulations; uncertainty regarding results through negotiations and/or exercise of legally available remedies; failure to successfully negotiate agreements; risks of non-payment by recipients of natural gas supplied by the Company; lack of certainty with respect to foreign legal systems, corruption, and other factors that are inconsistent with the rule of law; risk of loss due to acts of war, terrorism, sabotage and civil disturbances; timing of receipt of, or failure to comply with, necessary permits and approvals; and potential damage to the Company's reputation due to the actual or perceived occurrence of any number of events, including negative publicity with respect to the Company's dealings with the GoT, TPDC and TANESCO, whether true or not; increased competition; the lack of availability of qualified personnel or management; fluctuations in commodity prices, foreign exchange or interest rates; stock market volatility; competition for, among other things, capital, oil and gas field services and skilled personnel; failure to obtain required equipment or replacement parts for field development; effect of changes to the PSA on the Company as a result of the implementation of new government policies for the oil and gas industry; inaccuracy in reserve estimates; incorrect forecasts in production and growth potential of the Company's assets; inability to obtain required approvals of regulatory authorities; risks associated with negotiating with foreign governments; failure to successfully negotiate agreements; risk that the Company will not be able to fulfil its contractual obligations; risk that trade and other receivables may not be paid by the Company's customers when due; the risk that the Company's Tanzanian operations will not provide near term revenue earnings; and such additional risks listed under "Business Risks" in 2024 Annual MD&A. In addition, there are risks and uncertainties associated with oil and gas operations, therefore the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive.

Such forward-looking statements are based on certain assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances, including, but not limited to: increased demand for gas supply; successful negotiation and execution of new gas sales contracts under the Gas Agreement; successful negotiation of the License extension, on terms favorable to the Company; successful implementation of various development and study programs at the budgeted expenditures; accurate assessment by the Company of the merits of its claim under the Notice of Dispute, the appeal of the Judgment, the Claims, the Swala Dispute and various tax disputes to which the Company is subject; that all capital allocation decisions will be based upon prudent economic evaluations and returns; successful maintenance of gas sale contract discipline on a go-forward basis pursuant to the Company's gas supply agreements; anticipated award amount payable under the Long Term Retention Plan; that the Company will receive payment of arrears from TANESCO; the Company's relationship with TPDC and the GoT; the current status of actions involved in the Notice of Dispute, appeal of the Judgment, the Claims and the Swala Dispute; accurate assessment by the Company of the merits of its rights and obligations in relation to TPDC and the GoT and other stakeholders in the Songo Songo gas field; receipt of required regulatory approvals; the Company's ability to maintain strong commercial relationships with the GoT and other state and parastatal organizations and other stakeholders in the Songo Songo gas field; the current and future administration in Tanzania continues to honor the terms of the PSA and the Company's other principal agreements; correct forecast on the timing and effective rate of the APT payable by the Company; that there will continue to be no restrictions on the movement of cash from Mauritius, Jersey or Tanzania; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and participation interest obligations as needed; the Company does not incur any losses from debtors in 2025; absence of circumstances or events that significant impact the Company's cash flow and liquidity; the Company will continue to be able to convert Tanzanian shillings into US dollars; long term field development will be carried out as planned; continued work by the Company with the GoT on alternative development plan for longer term field development as anticipated; timing and amount of capital expenditures and source of funding are in line with forecasts; the Company's ability to obtain necessary regulatory approvals; the anticipated supply and demand of natural gas are in line with the Company's expectations; accurate assessment by the Company of the merits of appeal brought forward by the Company pursuant to the Judgment; accurate assessment by the Company of the merits of Swala Dispute; accurate assessment by the Company of the merits of the Claims; that the amount of damages recoverable by the Company under the Notice of Dispute and Claims will be in line with expectations; the Company's interpretation and prediction of the effects regarding changes to the Company's tax liabilities and the implementation of further legislation is accurate in all material respects; the Company's ability to obtain revenue earnings from its operations; access to customers and suppliers; availability of employees to carry out day-to-day operations, and other resources; that the Company will successfully negotiate agreements; receipt of required regulatory approvals; the ability of the Company to increase production as required to meet demand; infrastructure capacity; commodity prices will not deteriorate significantly; availability of skilled labour; uninterrupted access to infrastructure; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; that the Company's appeal of various tax assessments will be successful; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the effect of any new environmental and climate change related regulations will not negatively impact the Company; and other matters.

The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any

forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The future acquisition of Class B Shares pursuant the 2024 NCIB, if any, and the level thereof is uncertain. Any decision to acquire Class B Shares will be subject to the discretion of the Board of Directors and may depend on a variety of factors, including, without limitation, the Company's business performance, financial condition, financial requirements, expected capital requirements and other conditions existing at such future time including, without limitation, satisfaction of the solvency tests imposed on the Company under applicable corporate law. There can be no assurance of the number of Class B Shares that the Company will acquire pursuant to the 2024 NCIB, if any, in the future.

The Company's future shareholder distributions, including but not limited to the payment of dividends, if any, and the level thereof is uncertain. Any decision to pay dividends on the Class A Shares and Class B Shares (including the actual amount, the declaration date, the record date and the payment date in connection therewith) will be subject to the discretion of the Board of Directors and may depend on a variety of factors, including, without limitation, the Company's business performance, financial condition, financial requirements, expected capital requirements and other conditions existing at such future time including, without limitation, satisfaction of the solvency tests imposed under applicable corporate law.

Oil and Gas Advisory

"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6Mcf:1 Bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. For certainty, all referenced herein to "production", "gross daily sales", "gas sales" and "Additional Gas sales" are references to conventional natural gas production, conventional natural gas daily sales, conventional natural gas sales and conventional natural gas sales, which are classified as Additional Gas in accordance with the PSA, respectively.

Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

GLOSSARY

mcf	Thousand standard cubic feet	\$	United States dollars
MMcf	Million standard cubic feet	CDN\$	Canadian dollars
Bcf	Billion standard cubic feet		
MMcfd	Million standard cubic feet per day		
MMbtu	Million British thermal units		

NOTIFICATION OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three and six-month periods ended June 30, 2025.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

\$'000	Note	Three Months ended June 30		Six Months ended June 30	
		2025	2024	2025	2024
Revenue	6, 7	24,274	25,014	49,665	49,951
Production, distribution and transportation		4,175	3,849	8,378	8,159
Net production revenue		20,099	21,165	41,287	41,792
Operating expenses					
General and administrative		4,964	4,954	9,407	9,254
Depletion	10	8,015	6,291	16,161	13,742
Reversal of loss allowance for receivables	9	(20,489)	–	(20,489)	–
Finance income	8	(512)	(781)	(958)	(1,730)
Finance expense	8	2,012	6,441	6,466	10,817
Income before tax		26,109	4,260	30,700	9,709
Income tax expense – current		3,506	3,285	6,313	5,685
Income tax recovery – deferred		(2,492)	(1,739)	(3,210)	(1,842)
Additional Profits Tax		2,694	1,526	5,094	3,709
Net income attributable to shareholders		22,401	1,188	22,503	2,157
Foreign currency translation gain from foreign operations		–	–	–	–
Comprehensive income		22,401	1,188	22,503	2,157
Net income attributable to shareholders per share (\$)					
Basic and diluted	15	1.13	0.06	1.14	0.11

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

\$'000	Note	As at	
		June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		98,572	90,076
Trade and other receivables	9	30,873	44,037
Prepayments		837	1,586
		130,282	135,699
Non-current assets			
Long-term receivables	12	10	10
Capital assets	10	34,240	50,057
		34,250	50,067
Total assets		164,532	185,766
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	11	65,930	66,851
Tax payable		5,252	8,998
Current portion of long-term loan	13	—	30,122
Current portion of Additional Profits Tax		9,753	7,824
		80,935	113,795
Non-current liabilities			
Deferred income taxes		1,377	4,587
Lease liabilities	10	82	217
Additional Profits Tax		1,233	5,891
		2,692	10,695
Total liabilities		83,627	124,490
SHAREHOLDERS' EQUITY			
Capital stock	14	46,974	46,992
Accumulated income		33,931	14,284
		80,905	61,276
Total equity and liabilities		164,532	185,766

See accompanying notes to the condensed consolidated interim financial statements.

Nature of operations (Note 1); Contractual obligations (Note 17); Contingencies (Note 18).

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

\$'000	Note	Three months ended June 30		Six months ended June 30	
		2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income		22,401	1,188	22,503	2,157
Adjustment for:					
Depletion and depreciation	10	8,127	6,427	16,409	13,989
Indirect tax	8	–	328	326	643
Deferred income tax		(2,492)	(1,739)	(3,210)	(1,842)
Additional Profits Tax		2,694	1,526	5,094	3,709
Unrealized (gain) / loss on foreign exchange		(817)	686	(170)	(1,802)
Interest expense	8	2,063	1,664	3,603	2,755
Change in non-cash working capital	19	(28)	6,667	7,657	(9,032)
Net cash flows from operating activities		31,948	16,747	52,212	10,577
INVESTING ACTIVITIES					
Capital expenditures	10	(2,126)	(2,099)	(9,776)	(3,484)
Net cash used in investing activities		(2,126)	(2,099)	(9,776)	(3,484)
FINANCING ACTIVITIES					
Lease payments		(157)	(157)	(172)	(170)
Normal course issuer bid	14	–	(88)	(16)	(96)
Long-term loan repayment	13	–	(5,000)	(30,551)	(5,000)
Interest paid	8	–	(3,975)	(776)	(5,003)
Dividends paid to shareholders	14	(1,453)	(1,451)	(2,868)	(2,932)
Net cash used in financing activities		(1,610)	(10,671)	(34,383)	(13,201)
Increase in cash		28,212	3,977	8,053	(6,108)
Cash and cash equivalents at the beginning of the period		70,183	93,936	90,076	101,566
Effect of change in foreign exchange on cash for the period		177	(687)	443	1,768
Cash and cash equivalents at the end of the period		98,572	97,226	98,572	97,226

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

\$'000	Capital stock	Accumulated income	Total
Note	14	14	
Balance as at December 31, 2024	46,992	14,284	61,276
Share repurchase	(18)	2	(16)
Dividends declared	–	(2,858)	(2,858)
Net income	–	22,503	22,503
Balance as at June 30, 2025	46,974	33,931	80,905

\$'000	Capital stock	Accumulated other comprehensive loss	Accumulated income	Total
Note	14		14	
Balance as at December 31, 2023	47,067	16	41,595	88,678
Share repurchase	(81)	–	(15)	(96)
Dividends declared	–	–	(2,902)	(2,902)
Net income	–	–	2,157	2,157
Balance as at June 30, 2024	46,986	16	40,835	87,837

See accompanying notes to the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

General Information

Orca Energy Group Inc. was incorporated on April 28, 2004 under the laws of the British Virgin Islands with its registered office located at Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands, VG110. The Company produces and sells natural gas to the power and industrial sectors in Tanzania. The Company maintains central management and control and has established tax residency in the United Kingdom.

The condensed consolidated interim financial statements (unaudited) of the Company as at June 30, 2025 and for the three and six months ended June 30, 2025 comprise the accounts of the Company and its subsidiaries (collectively, the “Company” or “Orca Energy”) and were authorized for issue in accordance with a resolution of the directors on August 14, 2025. The Company is controlled by Shaymar Limited who is the registered holder of 24.8% of the equity and controls 71.6% of the total votes of the Company. The shares are held in a trust that is independently managed for the beneficiaries.

1. Nature of Operations

The Company’s principal operating asset is an interest held by a subsidiary, PanAfrican Energy Tanzania Limited (“PAET”), in a Production Sharing Agreement (“PSA”) with the Tanzania Petroleum Development Corporation (“TPDC”) and the Government of Tanzania (“GoT”) in the United Republic of Tanzania (“Tanzania”). This PSA covers the production and marketing of certain gas from the Songo Songo Block offshore Tanzania. The PSA defines gas in the Songo Songo field as “Protected Gas” and “Additional Gas”. The gas agreement (“Gas Agreement”) deals further with the parties’ entitlements to Protected Gas and Additional Gas. Under the Gas Agreement, the “Protected Gas” was owned by TPDC and was sold to Songas Limited (“Songas”) and Tanzania Portland Cement PLC (“TPCPLC”). Songas is the owner of the infrastructure that enables the gas to be delivered to Dar es Salaam, which includes a gas processing plant on Songo Songo Island (“Songas Infrastructure”). Protected Gas ceased after July 31, 2024 and all production from the Songo Songo gas field following August 1, 2024 constitutes Additional Gas which PAET is entitled to sell on commercial terms.

The Tanzanian Electric Supply Company Limited (“TANESCO”) is responsible for the majority of electricity generation, transmission and distribution throughout Tanzania. Natural gas has become an integral component of TANESCO’s power generation as a more reliable source of supply over seasonal hydropower as well as a more cost-effective and lower carbon dioxide intensive alternative to liquid fuels. The Company and TPDC as joint sellers currently supply Additional Gas directly to TANESCO by way of the Portfolio Gas Supply Agreement (“GSA”). The Company also supplies Additional Gas to TPDC at the well head, through a long-term gas sales agreement (“LTGSA”). The PGSA was extended on July 30, 2024. The PGSA and the LTGSA expire on October 10, 2026.

In addition to supplying gas to TPDC and TANESCO, the Company has developed more than 50 contracts to supply gas to Dar es Salaam’s industrial market, and sells compressed natural gas to other industries and to domestic, suitably converted vehicles in Dar es Salaam.

On April 14, 2023, PAET formally requested TPDC to apply for an extension of the Songo Songo Development License (the “License”). In November 2024, TPDC submitted the application for the extension of the License to the MoE, however, being uneconomic, the Company informed TPDC that it did not agree with the terms as submitted. Having declined to address PAET’s concerns itself, TPDC has advised PAET to raise any issues to the MoE, which results in the Company having to have the submission rescinded and resubmitted. There are currently no certainties on the timing, nature and extent of any such extensions. Until such extension has been finalized, a high degree of uncertainty exists with respect to the extent of the Company’s operating activities subsequent to October 2026.

On April 15, 2024, contrary to the terms of the Gas Agreement and PSA and in violation of Pan African Energy Corporation (Mauritius) (“PAEM”) and PAET’s legitimate expectations, the Permanent Secretary of the Minister of Energy of Tanzania wrote to TPDC, copying PAET and Songas, directing TPDC to “ensure that Protected Gas continue to be produced to the end of the Development Licence on 10th October 2026”. Consistent with that instruction, TPDC has taken the position that Protected Gas should continue despite the parties’ contractual agreement that Protected Gas would end after July 31, 2024. We believe that PAET will be entitled to compensation at a commercial rate for all volumes of gas lifted by Songas from August 1, 2024 to October 31, 2024. There is a risk that PAET will not receive payment or payment may form part of a contract dispute.

On August 7, 2024 PAET and PAEM, issued a notice of dispute in respect of an investment treaty claim under the Agreement on Promotion and Reciprocal Protection of Investment between the Government of the Republic of Mauritius and the GoT (the “BIT”) against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of: (i) the PSA, and (ii) the Gas Agreement between the GoT, TPDC, Songas and PAET, for damages in excess of \$1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. The matters have been further referred to the relevant entity’s chief executive officers and working groups in accordance with the dispute resolution process. Discussions have since continued with the most recent meetings having been held in March 2025. Our Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues. Subsequent to Q2 2025, in July 2025, our counsel received a letter from the Permanent Secretary to the MoE, dated June 26, 2025, advising PAET that the MoE was working on the Licence extension application and that feedback would be availed in due course. The letter also advised against interference of the independence of the MoE, in the interests of good governance and proper processing of the application. The Company’s Counsel submitted a response to the MoE advising that the enquiries made to the MoE were reasonable and proportionate enquiries into the status of the application, given the lengthy inaction and engagement to date. The letter urged immediate engagement to resolve the matter of the licence extension. To date, there has been no response to that request.

Subsequent to Q2 2025, on August 1, 2025, PAEM submitted a Request for Arbitration (“RFA”) to the International Centre for Settlement of Investment Disputes (“ICSID”), an arm of the World Bank, against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT; and PAET submitted two separate RFA’s to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The three claims (the “Claims”) arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Songo Songo Gas-to-Electricity Project (the “Project”).

2. Basis of Preparation

Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, and do not include all information required for full annual financials and should be read in conjunction with the audited financial statements for the year ended December 31, 2024.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting. The condensed consolidated financial statements are presented in United States dollars (“\$”) unless otherwise stated.

Climate change regulations

Risks related to climate change may have an impact on the Company’s operations and the Company may be subject to additional disclosure requirements in the future. The International Sustainability Standards Board issued an IFRS Sustainability Disclosure Standard with the objective to develop a global framework for environmental sustainability disclosure. In addition, the Canadian Securities Administrators also issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters which sets forth additional reporting requirements for Canadian reporting issuers. We continue to monitor developments on these

reporting requirements and the impact they may have on the Company's financial position and results of operating activities in future periods.

3. Summary of Significant Accounting Policies

The Company's accounting policies are set forth in Note 3 to the audited consolidated financial statements for the year ended December 31, 2024. There have been no changes in accounting policies for the six month period ended June 30, 2025 and the policies have been applied consistently to all periods presented in the condensed consolidated interim financial statements.

4. Use of Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ materially from these estimates. In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2024.

See Note 4 of the audited consolidated financial statements for the year ended December 31, 2024 for a full discussion.

5. Risk Management

The Company, by its activities in gas exploration, development and production, is exposed to the risk associated with the unpredictable nature of the financial markets as well as political risk associated with conducting operations in an emerging market. The Company seeks to manage its exposure to these risks wherever possible. See note 5 Risk Management of the audited consolidated financial statements for the year ended December 31, 2024 for a full discussion.

A. Key Business Risks

Outcome of the Arbitration and litigation

Subsequent to Q2 2025, on August 1, 2025, PAEM submitted the RFA to ICSID against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT; and PAET submitted two separate RFA's to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The Claims arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, the PSA and the Gas Agreement.

The Company cannot predict the outcome of proceedings relating to the RFA's with certainty, the costs associated with the proceedings related to the RFA's, and possible awards of damages relating to the claims in the RFA's. Further the Company cannot predict if we are unsuccessful in the proceedings relating to the RFA's, the effect it will have on our business, and whether this will have a material adverse effect on the Company's business and operations. The arbitration proceedings could result in negative publicity and adversely affect the price of our shares and relationships in Tanzania. In addition, the proceedings distract management and other personnel from their primary responsibilities.

There is a risk of a continuing action relating to the RFA's post October 2026, the current date in which the License will expire. It is anticipated that this process could take up to 4 years.

B. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from TANESCO, Songas and TPDC. The carrying amount of accounts receivable and the long-term receivable represents the maximum credit exposure. As at June 30, 2025 and December 31, 2024, loss allowance exists against gas plant operations receivables from Songas and a receivable of \$0.5 million from one industrial customer. No write-off of any receivables occurred in Q1 2025 or Q2 2025 (see Note 9).

The Company manages the credit exposure related to cash and cash equivalents by selecting counterparties based on credit ratings and monitoring all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. The Company's cash resources are placed with reputable financial institutions with no history of default.

During Q3 and Q4 2024, the Company invoiced Songas \$9.6 million (including VAT and production taxes) for August, September and October 2024 liftings of Additional Gas volumes. On September 23, 2024, the Company was notified by Songas that it acknowledges it had lifted this volume, but due to TPDC's refusal to approve a Gas Sales Agreement for this Additional Gas, they would elect to pay only 19.5% of such volumes. The Company recognized the payment of \$1.9 million, being 19.5% of the August, September and October 2024 sales to Songas in revenue; these amounts were paid by Songas in Q4 2024. As of the date of this report, \$7.7 million of August, September and October 2024 sales representing 80.5% of delivered volumes remain unrecognized. There is a risk that PAET will not receive compensation for the volumes, which were lifted after August 1, 2024 and which, notwithstanding the contractual termination of Protected Gas, TPDC asserts should be treated as Protected Gas.

C. Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. Cash forecasts identifying liquidity requirements of the Company are produced on a regular basis. These are reviewed to ensure sufficient funds exist to finance the Company's current operational and investment cash flow requirements. At June 30, 2025 the Company has working capital, defined as total current assets less total current liabilities, of \$49.3 million which is net of \$80.9 million of financial liabilities with regards to trade and other liabilities of which \$70.0 million is due within one to three months, \$nil is due within three to six months, and \$10.9 million is due within six to twelve months (see Note 11).

As at June 30, 2025 approximately 30% of the current liabilities relate to TPDC (see Note 11). The amounts due to TPDC represent its share of Profit Gas. In accordance with the terms of the PSA, TPDC is entitled to the payment of its share of Profit Gas on a quarterly basis proportional to the cash receipts during the quarter.

COVID-19 reduced travel throughout the world. Tourism is a major source of revenue and foreign currency for Tanzania and the decrease in travel combined with global economic slowdown have seen an increasing decline in foreign exchange reserves in Tanzania. During 2024, it has been more difficult for the Company to convert Tanzanian shillings directly to US dollars in country, however, as at the date of this report, this has not significantly impacted PAET's ability to meet its US dollar liabilities or obligations. There is a risk that in the future the Company may not be able to convert Tanzanian shillings to US dollars or other hard currencies as and when required to attract capital. It is unknown how long this risk will continue.

There is a risk that PAET will not receive compensation for the volumes, which were lifted by Songas after August 1, 2024, and which, notwithstanding the contractual termination of Protected Gas, TPDC asserts should be treated as Protected Gas. If this is the case, these volumes may not meet the definition of revenue under IFRS 15, so would not be reflected as revenue going forward until the potential dispute is resolved.

There is a risk that in October 2026 the License will expire, if an extension is not obtained. If a License extension is not forthcoming, various litigation matters discussed in the MD&A may survive the expiry date, which may impact the liquidity post such date.

6. Segment Information

The Company has one reportable industry segment which is international exploration, development and production of petroleum and natural gas. During Q1 2025, Q2 2025, and 2024 the Company's producing assets were entirely located in Tanzania, with all of the Company's gas revenue derived solely from customers in Tanzania.

Included in Q2 2025 revenues arising from Tanzania, are revenues of \$11.6 million, \$6.6 million and \$4.4 million which arose from the Company's three largest customers (Q2 2025: \$8.9 million, \$6.2 million and \$2.0 million), who each contributed more than 10% to the Company's Q2 2025 gross field revenue (see Note 7). The largest two customers in Q2 2025 and Q2 2024 are parastatal companies controlled by the GoT.

7. Revenue

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Industrial sector	13,190	10,849	26,932	22,216
Power sector	18,259	17,513	36,911	38,763
Gross field revenue	31,449	28,362	63,843	60,979
TPDC share of revenue	(10,711)	(6,340)	(20,252)	(15,746)
Company operating revenue	20,738	22,022	43,591	45,233
Current income tax adjustment	3,536	2,992	6,074	4,718
	24,274	25,014	49,665	49,951

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during the first six months of 2024 and 2025. During Q2 2025 the Company invoiced TANESCO \$13.7 million for gas deliveries (Q2 2024: \$11.1 million) and received \$16.4 million in payments for current receivables (Q2 2024: \$14.8 million). These amounts are inclusive of value added tax ("VAT"). Based on the consistent payments from TANESCO, the Company recognized all amounts invoiced for gas deliveries in Q1 2025 and Q1 2024 as revenue. Subsequent to June 30, 2025 the Company has invoiced TANESCO \$5.0 million for July 2025 gas deliveries and TANESCO has paid the Company \$5.8 million to date for current year gas supplies.

8. Finance Income and Expense

Finance Income

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Interest income	512	781	958	1,730
	512	781	958	1,730

Finance Expense

	Three months ended ended June 30		Six months June 30	
	2025	2024	2025	2024
\$'000				
Base interest expense	–	956	551	2,033
Participation interest expense	2,056	696	3,036	696
Lease interest expense	7	12	16	26
Interest expense	2,063	1,664	3,603	2,755
Net foreign exchange (gain) / loss	(236)	4,449	2,352	7,419
Indirect tax	–	328	326	643
Long-term receivable write off	185	–	185	–
	2,012	6,441	6,446	10,817

Base interest expense and participation interest expense relate to the Loan. Base interest on the Loan was payable quarterly in arrears at 10% per annum on a "pay-if-you-can-basis" using a formula to calculate the net cash available for such payments as at any given interest payment date. The participation interest expense is paid annually in arrears and equates to 6.4% of PAET's net cash flows from operating activities net of net cash flows used in investing activities for the year. Such participation interest will continue to accrue until October 15, 2026.

On February 21, 2025, the Company fully prepaid the \$60.0 million Loan made by the IFC to PAET, pursuant to the Loan Agreement. The Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding (see Note 13).

Net foreign exchange loss includes realized and unrealized revaluation gains and losses. The indirect tax includes VAT on the invoices to TANESCO for interest on late payments. The VAT on Q1 2025 invoices will be recoverable in Q3 2025 should TANESCO fulfil their obligations under the settlement agreement with TPDC and TANESCO ("Settlement Agreement").

9. Current Trade and Other Receivables

	As at	
	June 30, 2025	December 31, 2024
\$'000		
Trade receivables		
TPCPLC	3,395	10,409
TPDC	6,204	5,592
TANESCO	5,893	12,731
Industrial customers	7,198	8,149
Loss allowance	(452)	(452)
	22,238	36,429
Other receivables		
Songas gas plant operations	1,994	2,161
Other	7,366	6,172
Loss allowance	(725)	(725)
	8,635	7,608
	30,873	44,037

Songas

As at June 30, 2025 Songas owed the Company \$2.0 million (December 31, 2024: \$2.2 million), while the Company owed Songas \$2.4 million (December 31, 2024: \$2.7 million). The amounts due to the Company are for the operation of the gas plant of \$2.0 million (December 31, 2024: \$2.2 million) against which the Company has made a loss allowance of \$0.7 million (December 31, 2024: \$0.7 million). The amounts due to Songas primarily relate to pipeline tariff charges of \$1.8 million (December 31, 2024: \$2.1 million). The operation of the gas plant is conducted at cost and the charges are billed to Songas on a flow through basis.

During Q3 and Q4 2024, the Company invoiced Songas \$9.6 million (including VAT and production taxes) for August, September and October 2024 liftings of Additional Gas volumes. On September 23, 2024, the Company was notified by Songas that it acknowledges it had lifted this volume, but due to TPDC's refusal to approve a Gas Sales Agreement for this Additional Gas, they would elect to pay only 19.5% of such volumes. The Company recognized the payment of \$1.9 million, being 19.5% of the August, September and October 2024 sales to Songas in revenue; these amounts were paid by Songas in Q4 2024. As of the date of this report, \$7.7 million of August, September and October 2024 sales representing 80.5% of delivered volumes remain unrecognized.

TPDC

The current receivable from TPDC is for gas deliveries through the National Natural Gas Infrastructure pursuant to the signing of the LTGSA. In accordance with the LTGSA, any unpaid, overdue amounts are offset against TPDC profit share.

Reversal of loss allowance for receivables

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
\$'000				
Reversal of loss allowance	20,489	–	20,489	–

The reversal of loss allowance in 2025 follows the collection of the TANESCO long-term arrears pursuant to the Settlement Agreement net of a related adjustment to the tax recoverable balance.

10. Capital Assets

\$'000	Natural gas interests	Office and other	Right-of-use	Total
Costs				
As at December 31, 2024	298,202	3,421	2,044	303,667
Additions	592	–	–	592
As at June 30, 2025	298,794	3,421	2,044	304,259
Accumulated depletion and depreciation				
As at December 31, 2024	249,035	3,098	1,477	253,610
Additions	16,161	94	154	16,409
As at June 30, 2025	265,196	3,192	1,631	270,019
Net book values				
As at June 30, 2025	33,598	229	413	34,240

In determining the depletion charge the Company takes into account an estimate of future development costs, the capital expenditure required to ensure the Company can produce the required gas volumes to meet its contractual obligations for the remaining life of the license. As at June 30, 2025 the estimated future development costs required to bring the total proved reserves to production were \$0.8 million (December 31, 2024: \$1.4 million). During the six months ended June 30, 2025 the Company recorded depreciation of \$0.2 million (six months ended June 30, 2024: \$0.2 million) in general and administrative expenses.

Right-of-use assets

\$'000	
As at December 31, 2024	567
Depreciation	(154)
As at June 30, 2025	413

Lease liabilities

\$'000	
As at December 31, 2024	479
Lease interest expense	16
Lease payments	(172)
As at June 30, 2025	323

Right-of-use assets are presented as part of capital assets on the Company's balance sheet. Of the total lease liability of \$0.3 million (December 31, 2024: \$0.5 million), \$0.2 million (December 31, 2024: \$0.3 million) is current and is presented in trade and other liabilities.

11. Trade and Other Liabilities

	As at	
	June 30, 2025	December 31, 2024
\$'000		
Songas	2,398	2,741
Other trade payables	1,514	9,981
Trade payables	3,912	12,722
TPDC Profit Gas entitlement, net	23,879	16,359
Deferred income – take or pay contracts	1,116	943
Accrued liabilities	37,023	36,827
	65,930	66,851

TPDC share of Profit Gas

	As at	
	June 30, 2025	December 31, 2024
\$'000		
TPDC share of Profit Gas	30,641	29,076
Less “Adjustment Factor”	(6,762)	(12,717)
TPDC Profit Gas entitlement, net	23,879	16,359

Under the PSA revenue sharing mechanism, the Company adjusts TPDC’s Profit Gas share by the “Adjustment Factor”. The Adjustment Factor is equal to the amount necessary to fully pay and discharge the PAET liability for taxes on income derived from petroleum operations. A significant percentage of the settlement of the \$23.9 million liability to TPDC for its share of Profit Gas is related to TANESCO’s long-term arrears that have been partially paid for in Q2 2025 and will be released to TPDC as part of the profit sharing mechanism in Q3 2025.

As of the date of this report, \$24.7 million was posted as security for the full amount of a seismic judgment (the “Judgment”) received from the Tanzania High Court (Commercial Division) for a claim brought by a contractor against PAET relating to losses arising from PAET’s termination of a contract relating to the Company’s 3D seismic acquisition program, pursuant to which the Court ordered specific and general damages in the aggregate of \$23.1 million, plus legal costs and interest at a rate of 7% pre annum. Such amount will be held as security and will be restricted until the appeal initiated by the Company is resolved.

12. Long-term Receivables

	As at	
	June 30, 2025	December 31, 2024
\$'000		
Amounts invoiced to TANESCO	78,489	105,210
Current trade receivables – TANESCO	(5,893)	(12,731)
Unrecognized amounts ¹	(72,596)	(70,461)
Loss allowance	–	(22,018)
Net TANESCO receivable	–	–
Lease deposit	10	10
	10	10

¹ The amount includes invoices for interest on late payments from TANESCO.

The Company recognized 100% of amounts invoiced for deliveries to TANESCO as revenue during 2024 and Q1 and Q2 2025.

On April 15, 2025 PAET signed the Settlement Agreement with TPDC and TANESCO, for TANESCO to pay PAET and TPDC \$52.0 million for unpaid amounts owing by TANESCO for deliveries of natural gas from the Songo Songo gas field. The parties acknowledged in the Settlement Agreement that these unpaid amounts totalled \$104.2 million as of January 9, 2025, comprised of \$33.7 million of the principal amount owing and approximately \$70.5 million of default interest.

The Settlement Agreement requires TANESCO to pay the Tanzanian Shilling equivalent of \$52.0 million, comprised of the \$33.7 million principal amount and \$18.3 million representing a portion of the default interest owed by TANESCO. It was agreed that the remaining balance of the default interest owing by TANESCO would be waived if TANESCO pays the settlement amount when required and in full while remaining current on amounts owed. TANESCO must pay the settlement amount to PAET via weekly instalments and meet monthly total payment amounts, commencing in April 2025 and ending in September 2025. Payments on account of the settlement amount will be allocated between PAET and TPDC in accordance with the PSA. Pursuant to the PSA, and assuming payment in full of the settlement amount, the Company expects to retain approximately \$29.4 million of the settlement amount. To date, TANESCO has paid \$34.1 million due under the Settlement Agreement.

13. Long-term Loan

In 2015 PAET took out a \$60.0 million investment loan (the “Loan”) from International Finance Corporation (“IFC”), a member of the World Bank Group, pursuant to a loan agreement dated October 29, 2015 between IFC, PAET and the Company (the “Loan Agreement”). The Loan was fully drawn down in 2016.

The Loan was to be paid out through six semi-annual payments of \$5.0 million starting October 15, 2022 and one initial payment of \$25.2 million due on October 15, 2025. The Loan was an unsecured subordinated obligation of PAET. Pursuant to the sale of the non-controlling interest in PAEM, the parent company of PAET, in 2018, the Company agreed with the IFC to reduce the outstanding amount of the Loan by the percentage interest sold of 7.933% (\$4.8 million) before the fourth anniversary of the first drawdown. PAET made this payment on October 16, 2019. Dividends and distributions from PAET were restricted if at any time amounts of interest, principal or participating interest are due and outstanding. All amounts due under the Loan were paid when due.

On February 21, 2025, the Company fully prepaid the Loan due to IFC by PAET, pursuant to the Loan Agreement. The Company paid to the IFC \$30.6 million, representing the aggregate outstanding principal of the Loan together with all accrued interest thereon and all other amounts owing in connection with the Loan. The annual variable participating interest granted by PAET to the IFC under the terms of the Loan Agreement remains outstanding.

	As at	
	June 30, 2025	December 31, 2024
\$'000		
Loan principal	–	30,240
Financing costs	–	(118)
Current portion of long-term loan	–	(30,122)
	–	–

14. Capital Stock

Authorised

50,000,000	Class A common shares (“Class A Shares”)	No par value
100,000,000	Class B subordinate voting shares (“Class B Shares”)	No par value
100,000,000	First preference shares	No par value

The Class A and Class B Shares rank pari passu in respect of dividends and repayment of capital in the event of winding-up. Class A Shares carry twenty (20) votes per share and Class B Shares carry one (1) vote per share. The Class A Shares are convertible at the option of the holder at any time into Class B Shares on a one-for-one basis. The Class B Shares are convertible into Class A Shares on a one-for-one basis in the event that a take-over bid is made to purchase Class A Shares which must, by reason of a stock exchange or legal requirements, be made to all or substantially all of the holders of Class A Shares and which is not concurrently made to holders of Class B Shares.

Changes in the Capital Stock

	As at					
	June 30, 2025			December 31, 2024		
	Authorised (000)	Issued (000)	Amount (\$'000)	Authorised (000)	Issued (000)	Amount (\$'000)
Number of shares						
Class A Shares	50,000	1,750	983	50,000	1,750	983
Class B Shares	100,000	18,015	45,991	100,000	18,022	46,009
First preference shares	100,000	–	–	100,000	–	–
	250,000	19,765	46,974	250,000	19,772	46,992

On November 15, 2024 the Company announced a normal course issuer bid (“2024 NCIB”) to commence on November 18, 2024 to purchase Class B Shares through the facilities of the TSX Venture Exchange and alternative trading systems in Canada. As at June 30, 2025 the Company has repurchased for cancellation 7,100 Class B Shares at a weighted average price of CDN\$3.17 pursuant to the 2024 NCIB. All issued capital stock is fully paid.

Dividend Summary

Declaration date	Record date	Payment date	Amount per share (CDN\$)
May 14, 2025	June 30, 2025	July 15, 2025	0.10
February 14, 2025	March 31, 2025	April 14, 2025	0.10
November 12, 2024	December 31, 2024	January 14, 2025	0.10
August 21, 2024	September 30, 2024	October 14, 2024	0.10
May 15, 2024	June 28, 2024	July 12, 2024	0.10
February 1, 2024	March 29, 2024	April 12, 2024	0.10

15. Earnings Per Share

(000)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Outstanding shares				
Weighted average number of Class A and Class B Shares	19,765	19,773	19,766	19,786
Weighted average diluted number of Class A and Class B Shares	19,765	19,773	19,766	19,786

The calculation of earnings per share is based on a net income attributable to shareholders for the quarter of \$22.4 million (Q2 2024: \$1.2 million) and a weighted average number of Class A Shares and Class B Shares outstanding during the quarter ended June 30, 2025 of 19,764,909 (Q2 2024: 19,773,063). The calculation of earnings per share for the six months ended June 30, 2025 is based on a net income of \$22.5 million (six months ended June 30, 2024: \$2.2 million) and a weighted average number of Class A Shares and Class B Shares outstanding for the six months ended June 30, 2025 of 19,765,581 (six months ended June 30, 2024: 19,786,156).

16. Related Party Transactions

The Chair of the Company's Board of Directors is Counsel at Burnet, Duckworth & Palmer LLP, a law firm that provides legal advice to the Company and its subsidiaries. Fees for services provided by this firm totalled \$0.1 million during the quarter ended June 30, 2025 (Q2 2024: \$0.2 million) and \$0.3 million for the six months ended June 30, 2025 (six months ended June 30, 2024: \$0.5 million).

As at June 30, 2025 the Company had a total of \$0.1 million (December 31, 2024: \$0.05 million) recorded in trade and other payables in relation to related parties.

17. Contractual Obligations

Protected Gas

Under the terms of the Gas Agreement for the Songo Songo project, in the event that there was an insufficiency in Protected Gas as a consequence of the sale of Additional Gas, the Company is liable to pay the difference between the price of Protected Gas (\$0.55/MMbtu escalated) and the price of an alternative feedstock in respect of whichever is the lesser of either (i) of the volume of Additional Gas sold which was 360 Bcf as at June 30, 2025 (December 31, 2024: 347 Bcf) or (ii) the insufficiency volume. The Company had been managing its reserves and did not have a shortfall during the reporting period up to and including the end of the Protected Gas delivery obligation, which ceased after July 31, 2024.

Terms of the Gas Agreement were modified by the Amended and Restated Gas Agreement ("ARGA") which was initialed by all parties but remains unsigned. In certain respects, the parties thereto are conducting themselves as though the ARGA is in effect. Management does not foresee a material risk with the conduct of the Company's business with an unsigned ARGA at this time.

On April 15, 2024, contrary to the terms of the Gas Agreement and PSA and in violation of PAEM and PAET's legitimate expectations, the Permanent Secretary of the MoE wrote to TPDC, copying PAET and Songas, directing TPDC to "ensure that Protected Gas continue to be produced to the end of the Development Licence on 10th October 2026". Consistent with that instruction, TPDC has taken the position that Protected Gas should continue despite the parties' contractual agreement that Protected Gas would cease after July 31, 2024. It is our belief that PAET is entitled to payment at a commercial rate for all volumes of gas lifted by Songas and TPCPLC starting on August 1, 2024. Gas has continued to be lifted following August 1, 2024. Subsequent to December 31, 2024, PAET, TPDC and TPCPLC agreed the terms of the SGA to sell volumes as Additional Gas, which, prior to August 1, 2024, were supplied as Protected Gas. In Q1 2025, TPCPLC fully paid the Company \$10.4 million of the receivable previously outstanding as at December 31, 2024.

On August 7, 2024, PAET and PAEM, issued the Notice of Dispute in respect of an investment treaty claim under the BIT against the GoT for breach of the BIT, alongside notifying a contractual dispute against the GoT and TPDC for breaches of: (i) the PSA, and (ii) the Gas Agreement between the GoT, TPDC, Songas and PAET, for damages in excess of \$1.2 billion. Initial meetings with both the Advisory and Coordinating Committees were held during the week of October 14, 2024 without any resolution on the key issues in dispute. The matters have been further referred to the relevant entity's chief executive officers and working groups in accordance with the dispute resolution process. Discussions have since continued with meetings most recently held in March 2025. Our Counsel subsequently submitted a letter to the MoE, requesting an urgent meeting to address the issues. Subsequent to Q2 2025, in July 2025, the Company's Counsel received a letter from the Permanent Secretary to the MoE, dated June 26, 2025, advising PAET that the MoE was working on the Licence extension application and that feedback would be availed in due course. The letter also advised against interference of the independence of the MoE, in the interests of good governance and proper processing of the application. The Company's Counsel submitted a response to the MoE advising that the approaches made to the MoE were enquiries and proportionate enquiries into the status of the application, given the lengthy inaction and engagement to date. The letter urged immediate engagement to resolve the matter of the licence extension. To date, there has been no response to that request.

On August 1, 2025, PAEM submitted the RFA to the ICSID against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT; and PAET submitted two separate RFA's to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The Claims arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, the PSA and the Gas Agreement.

18. Contingencies

Upstream and Downstream Activities

The Petroleum Act, 2015 (the "Petroleum Act") provides TPDC with exclusive rights over the distribution of gas in Tanzania. The Petroleum Act has grandfathering provisions upholding the rights of the Company to develop and market natural gas produced under the PSA as it was signed prior to the Petroleum Act coming into effect in 2015.

On October 7, 2016 the Government of Tanzania issued the Petroleum (Natural Gas Pricing) Regulation made under Sections 165 and 258 (I) of the Petroleum Act. Article 260 (3) of the Petroleum Act preserves the Company's pre-existing right with TPDC to market and sell Additional Gas together or independently on terms and conditions (including prices) negotiated with third party natural gas customers. To date there has been no impact on the Company as a result of the Natural Gas Pricing Regulation, however, any future impact cannot be determined at this time.

Cost Recovery

TPDC conducted an audit of historical costs (the "Cost Pool") and in 2011 objected approximately \$34.0 million of costs that had been recovered from the Cost Pool from 2002 through to 2009. In 2014 a portion of the objected costs were agreed to be cost recoverable from TPDC with \$25.4 million remaining as being objected. Under the dispute mechanism outlined in the PSA, parties are to agree the appointment of an independent specialist to assist the parties in reaching agreement on costs that are still subject to queries. In 2014, prior to appointing an independent specialist, TPDC suspended the process. From 2010 to 2015 TPDC rejected a further \$16.8 million of costs. In 2016 the Tanzanian Petroleum Upstream Regulatory Authority ("PURA") assumed the role of auditing the PSA Cost Pool from TPDC and for 2016 to 2020 have rejected all costs pertaining to downstream development amounting to \$15.0 million and a further \$9.5 million of other costs. In 2022 the Company and PURA negotiated a settlement on certain rejections with respect to 2016 to 2018 audits. As a result of this, \$2.7 million was credited to the Cost Pool in Q2 2022. In 2023 the Company and PURA negotiated a settlement on certain rejections with respect to 2019 to 2020 audits. As a

result of this, \$0.7 million was credited to the Cost Pool in Q2 2023. In Q4 2023, the Company credited to the Cost Pool an additional \$0.03 million with respect to 2021 audit. In Q4 2024, the Company further credited to the Cost Pool an additional \$0.26 million with respect to 2021 audit. To date there remains a total of \$62.5 million (December 31, 2024: \$62.5 million) of costs that have been queried or rejected by TPDC or PURA through the Cost Pool audit process.

During 2019, discussions on the disputed amounts briefly resumed with TPDC. At the time of writing this report no independent specialist has been appointed and neither TPDC nor PURA have issued a formal dispute regarding cost recovery. The Company's view is that all costs have been correctly included in the Cost Pool, however, should any of the costs be rejected as not being cost recoverable, the Company would be required to retroactively adjust its share of revenue for the period under dispute.

18. Contingencies

Taxation

					As at	
Amounts in \$' millions					June 30, 2025	December 31, 2024
Area	Period	Reason for dispute	Principal	Interest	Total	Total
Income Tax	2008-09, 2011-20	Deductibility of capital expenditures and expenses (2012, 2015 and 2016), additional income tax (2008, 2011 and 2012), foreign exchange rate application (2013 to 2015, 2018 to 2020), underestimation of tax due (2014, 2016 and 2020) and methodology of grossing up of income taxes paid (2015 to 2017).	20.0	15.4	35.4	37.7
Tax on Repatriated Income	2012-21	Applicability of withholding tax on repatriated income (2012 to 2021)	19.5	6.0	25.5	27.1
VAT	2012-20	VAT already paid (2012 to 2014), VAT on imported services (2015 and 2016), interest on VAT decreasing adjustments (2017), input VAT on services (2017 to 2020) and VAT on income tax and production taxes (2019 to 2023).	12.0	4.4	16.4	16.6
			51.5	25.8	77.3	81.4

During 2022, following the expiry of the statutory deadline for the Tanzania Revenue Authority ("TRA") to respond to the Company's objections, the Company filed notices of intention to appeal to the Tanzania Revenue Appeals Board ("TRAB") against the corporate income tax assessments for the years of 2012 to 2016, tax on repatriated income for the years of 2012 to 2014, and VAT for the years of 2015 to 2016. In May 2023, the TRA issued final corporate income tax assessments for the years of 2012 to 2016 agreeing to drop certain claims with respect to previously assessed corporate income tax for the years of income of 2012 and 2016. These claims are no longer represented in the table above. As of June 30, 2025, years of income of 2021 to 2024 remain open for audit.

Corporate income tax

In 2024, the Company withdrew its application for the Court of Appeal of Tanzania ("CAT") to review its judgment on the corporate income tax for the year of 2009 (\$2.1 million). The matter is now marked withdrawn. Parties will now negotiate on the implementation of CAT's judgment of 2018 in favour of TRA. At an earlier judgment, TRAB, while ruled in favour of the TRA, also allowed the Company to utilize the depreciation allowance, which was the issue in dispute, in subsequent years. The Company had already made provision in the accounts for the amount in dispute.

In Q2 2022, the Tax Revenue Appeals Tribunal ("TRAT") pronounced its judgment on the corporate income tax appeal for the year 2010 (\$2.1 million) in favour of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q3 2022, the Company filed a memorandum of appeal. The hearing took place on February 25, 2025 and was adjourned for a later date to allow parties to attempt an out-of-court settlement. The Company had already made provision in the accounts for the amount in dispute.

In Q3 2023, the TRAT pronounced its judgment on the corporate income tax appeal for the year 2011 (\$1.5 million) in favour of the TRA. The Company filed a notice of intention to appeal at the CAT. In Q4 2023, the Company filed a memorandum of appeal and is now awaiting a hearing date. On February 24, 2025 and July 21, 2025, the Company approached the TRA with a proposal for an out-of-court settlement of \$0.15 million and is currently awaiting a response. On July 22 2025, the CAT adjourned the hearing for sixty days to allow parties to attempt an out-of-court settlement. In Q4 2023, the Company recorded a provision of approximately \$0.3 million being the Company's share of the interest assessed.

In Q1 2025, the Company's appeals against the corporate income tax assessments for the years of 2012 and 2013 (\$11.2 million) were heard at TRAB and the parties are now awaiting TRAB's decision.

In Q2 2025, the Company's appeal against the corporate income tax assessment for the year of 2014 (\$5.1 million) was heard at TRAB and the parties are now awaiting TRAB's decision.

In July 2025, the Company's appeals against the corporate income tax assessments for the years of 2015 and 2016 (\$8.5 million) were heard at TRAB and the parties are now awaiting TRAB's decision.

In Q4 2022, the TRA issued six assessments for income tax and for ensuing interest on deemed delayed payments (\$0.5 million) for the years of 2018 to 2020. The Company objected to the assessments on the grounds of incorrect disallowance of expenses and use of exchange rates. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals were heard at TRAB and the parties are now awaiting TRAB's decision.

Tax on repatriated income

In Q4 2023, during the TRAB hearing of the appeals against the notice of assessment for tax on repatriated income for the years of 2012 to 2014 (\$14.1 million), the TRA was allowed to file a preliminary objection. In Q1 2024, the parties filed their written submissions. In Q2 2025, TRAB heard the appeals by way of written submissions. TRAB judgement is now on notice.

In Q4 2022, the TRA issued seven assessments for tax on repatriated income (\$10.8 million) for the years of 2015 to 2021. The Company objected to the assessments on the grounds of the assessments lacking merit; additionally, the assessments for the years of 2015 and 2016 were time-barred. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q4 2023, the Company filed statements of appeal at the TRAB. In Q1 2024, the parties filed their respective final written submissions and are awaiting TRAB's decision.

VAT

On May 22, 2023, the TRAB pronounced its judgment on the VAT appeal for the years of 2015 and 2016 (\$0.2 million) in favour of the Company. A written

judgment is still pending. The TRA did not file a notice of intention to appeal at the TRAT by the statutory filing deadline. The Company continues to monitor actions taken by the TRA.

In Q4 2022, the TRA issued an assessment for VAT (\$0.1 million) for the years of 2019 and 2020. The Company objected to the assessment on the grounds that the TRA incorrectly disallowed input VAT on certain services. In Q1 2023, the Company received TRA's proposals to settle the objections. In Q2 2023, the Company responded to the proposals. In Q3 2023, following TRA's failure to issue a final determination on the objections within the statutory time limit, the Company filed notices of intention to appeal and in Q1 2024, the Company filed statements of appeal at the TRAB. In Q1 2024, the appeals came for a hearing at the TRAB. The parties filed their written submissions and are now awaiting TRAB's decision.

On November 29, 2024 the TRA issued assessments for VAT (\$14.1 million) for the years of 2019 to 2023. The Company objected to the assessments on the ground that the TRA incorrectly imposed VAT on a contractual adjustment made to the TPDC's Profit Gas share and to the regulatory levy charged to customers. On April 15, 2025, the TRA issued a notice of intention to determine the objections. On May 17, 2025, the Company responded to the notice. On July 2, 2025, TRA delivered its determination of the objections. On July 21, 2025, the TRA issued final VAT assessments for the years of 2019 to 2024. On July 23, 2025, the Company filed notices of intention to appeal at the TRAB.

Management, with advice from its legal counsel, has reviewed the Company's position on the objections and appeals related to the disputed amounts and has concluded that no further provision is required. However, if the TRA assesses the Company's tax returns for open taxation years on a similar basis, the Company may be required to make future deposits to object such assessments.

The process of appealing assessments issued by the TRA starts by initially filing an appeal with the TRA. If this is not successful, claims can be taken to higher authorities starting with the TRAB, followed by an appeal to the TRAT and finally to the CAT.

See Note 21 of the audited consolidated financial statements for the year ended December 31, 2024 for a full discussion.

19. Change in Non-Cash Operating Working Capital

	Three months ended June 30		Six months ended June 30	
\$'000	2025	2024	2025	2024
Decrease in trade and other receivables	6,319	6,916	12,591	2,713
Decrease in prepayments	282	277	749	526
(Decrease) / increase in trade and other payables	(1,576)	(1,015)	5,887	2,823
Decrease in APT	–	–	(7,824)	(15,983)
(Decrease) / increase in tax payable	(5,053)	489	(3,746)	889
	(28)	6,667	7,657	(9,032)

20. Subsequent Events

On August 1, 2025, PAEM submitted the RFA to the ICSID against Tanzania for various breaches by Tanzania of the investment protections provisions of the BIT; and PAET submitted two separate RFA's to ICSID against Tanzania and TPDC for breaches of the PSA and the Gas Agreement. The Claims arise out of a series of actions and omissions by Tanzania and TPDC that threaten the viability of the Project and breach multiple obligations under the BIT, the PSA and the Gas Agreement.

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Chief Executive Officer
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Lisa Mitchell
Executive Director and
Chief Financial Officer
London, UK

David W. Ross
Chairman and Non-Executive Director
Calgary, Canada

Dr Frannie Léautier
Non-Executive Director
Washington DC, United States

Linda Beal
Non-Executive Director
London, UK

Advisor to the Board and PAET

Lloyd Herrick
Director, PAET
Calgary, Canada

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